



Daily Report

China

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General

Government Rejects 'Unacceptable' GATT Terms

AU2807200094 Paris AFP in English 1928 GMT
28 Jul 94

[Excerpts] Geneva, 28 juil (AFP)—China on Thursday [28 July] rejected the "unacceptable" conditions put on its bid to join the GATT world trade body but said it would continue negotiations on its membership.

China "will not seek the GATT contracting status at any cost and will not barter away the fundamental interests of China for the sake of GATT membership," Deputy Foreign Trade Minister Long Yongtu said. [passage omitted]

Long never mentioned the United States in his speech to GATT officials Thursday but said technical problems were preventing China from joining.

China wanted in particular to be allowed special dispensations on its balance of payments before it agreed to rejoin, he said.

"China does not have any intention to seek special privileges whatsoever," Long said.

"However it is imperative to ensure that China enjoys the full rights as a GATT and WTO (World Trade Organisation) member, including those rights accorded to the members of developing countries," he added.

GATT's Working Party on China Resumes Meeting in Geneva

OW2907045294 Beijing XINHUA in English 0426
GMT 29 Jul 94

[Text] Geneva, July 28 (XINHUA)—The working party on China of the General Agreement on Tariffs and Trade (GATT) held its 18th session here today to discuss China's re-entry into the world's largest trade body.

The meeting, attended by the 18 GATT signatories who constitute the working party on China, focused on negotiations concerning a protocol for China's reentry into GATT.

As a protocol submitted by the working party's Chairman Pierre- Louis Girard at the 17th session held a month ago only reflected the demands of some signatories, and did not take proposals from China, the Chinese delegation has now submitted an informal text outlining the Chinese position.

The Chinese side hopes that a balanced and reasonable protocol on China's reentry will be worked out during the negotiations.

Speaking at the start of the meeting, the head of the Chinese delegation, Long Yongtu, explained the Chinese protocol and delineated China's position.

Long said China's general principle on drafting an acceptable protocol is that the nation's rights must be guaranteed and its obligations balanced.

Under this general principle, the Chinese side adheres to the following three basic positions on the issue of reentry:

—China has no intention of seeking any privileges in the multilateral trade agreement, but it must be guaranteed that China will fully enjoy the rights bestowed to a member of the GATT and the world trade organization, including those bestowed to members of developing nations;

China refuses to accept any language in the protocol designed to deprive China of the right to cite provisions of GATT and the agreement of the Uruguay round of negotiations.

—China will assume its obligations suitable to its level of economic development as formulated in GATT and the agreement of the Uruguay Round of negotiations;

As China has undertaken 15 years of reforms and opening to the rest of the world, the country now has the capability to assume the basic obligations as required by GATT and the agreement of the Uruguay Round of negotiations;

In principle, China will not accept obligations which go beyond the stipulations of those agreements, but taking into account the fact that China's economic and trade system is still in a stage of transition toward a market economy, China may consider taking some special obligations. But these obligations must be carried out on the basis of being realistic, feasible and beneficial to the reform of China's foreign trade system.

—The drafting of the protocol must be based on the framework of the GATT, and any matter going beyond that which is stipulated in GATT should not be handled during the negotiations on the protocol.

Girard's protocol, submitted at the 17 session of the GATT's working party on China. Included a series of demands designed to deprive China of the right to cite provisions for developing nations formulated in GATT.

In his speech, long reaffirmed that there is no room for further negotiations on these demands.

At today's meeting, representatives from the European Union, the United States and Japan expressed their welcome for the informal text of the Chinese protocol, calling it a "beneficial" and "positive" step in promoting the negotiations.

Christopher Calls Jordan, Israel Summit 'Watershed'

OW2807222194 Beijing XINHUA in English 2134
GMT 28 Jul 94

[Text] Washington, July 28 (XINHUA)—U.S. Secretary of State Warren Christopher said here today the Jordan-Israeli summit and joint declaration represent a watershed event in the Middle East peace process.

Jordan's King Husayn and Israeli Prime Minister Yitzhak Rabin, at the invitation of U.S. President Bill Clinton, held their first public meetings in Washington and signed the Washington Declaration at the White House on Monday [25 July].

In testimony to the House Foreign Affairs Committee, Christopher described the summit meetings as "historic", adding that "together with the Israeli-PLO Declaration of Principles and the multilateral talks, the Washington Declaration will help to transform the Middle East landscape."

He stressed that "our aim in the Middle East is to replace a 40-year pattern of conflict with a new structure of peaceful relations between Israel, each of its neighbors, and the entire Arab world."

"The Arab-Israeli conflict is not yet over," he noted, "but today we can say, with more confidence than ever before, that it is on the road to resolution. There is no turning back."

Christopher will return to the Middle East next month to continue efforts to the negotiations with Syria.

The issues on the table between Syria and Israel "are tough," he said, "I do not expect dramatic results immediately."

"But I found Prime Minister Rabin and President Hafiz al-Asad very engaged in the details of their negotiation. Both are determined to find a way to a political settlement," he added.

"President Clinton and I are prepared to do our part to help them succeed," Christopher said.

United States & Canada

Policy on GATT Entry To Affect Sino-U.S. Ties

HK2907101294 Hong Kong WEN WEI PO in Chinese 29 Jul 94 p B2

[Editorial: "China Shows Its Cards To Urge the United States To Weigh the Gains and Losses"]

[Text] The convocation of the 18th GATT session in Geneva on China's reentry to the organization today is an important meeting which will attract worldwide attention.

The session will focus on the following two points: First, U.S. attempts to block China from reentering the organization by the end of the year and becoming a founding nation of the World Trade Organization next year. China, however, insists that the timetable for its reentry to GATT is linked to commitments already made. Eight years have passed since China applied for reentry to the organization. China has made a lot of commitments and hopes that its admission can be resolved by the end of the year. If this cannot be realized according to the original timetable, China will not subject itself to GATT,

and all of the commitments made over the past eight years will be null and void. Second, the United States has set a high price and is against China's reentry to the organization as a developing country. Some conditions set for China's admission are even harsher than those for a developed country. China insists that it is a developing country and can only undertake the obligations and rights of a developing country. As the conditions set by the United States are far beyond China's capacity to bear, China will not barter with its fundamental interests.

At the 18th session held in Geneva, China will propose a "concession package" as its bottom line. If it is still rejected by the United States, China will give up its efforts of the past eight years to rejoin GATT.

The conditions set by the United States for China's reentry to the GATT have changed over the past eight years, with political factors overriding others. For fear that China was unwilling to join the organization, the conditions set by the United States were very low before 1989, that is, steps taken by China toward a market economy would be enough. After 1989, the United States imposed economic sanctions against China and politicized the issue, which resulted in no progress being made at the talks. In view of the vitality of China's huge market, the United States expressed its support last year for China's reentry to the organization. Viewed from the conditions set as a whole, China was still regarded as a developing nation. Conditions included reforming China's monetary and exchange rate mechanisms and tariff reductions. During this period, China announced that it would suspend direct subsidies for exports, signed a "Memorandum of Understanding on Market Access" and a "Memorandum of Understanding on Intellectual Property Rights" with the United States, drastically reformed its import policies, and improved protection for U.S. patents and copyrights. China also declared it would make its trade policies more transparent.

China's per capita income is only \$400, ranking 87th in the world. In the concessional talks on China's reentry to GATT, all the developing nations regarded China as a developing nation. Even the European Union and Japan agreed that China should join the organization as a developing nation. In the face of China's possible admission to the GATT this year, thanks to extensive support from the contracting parties, the United States suddenly submitted an unofficial document to the 17th GATT session in June this year, which demanded that China accept international provisions on its balance of payments, not adopt measures to regulate and stabilize its grain prices, and reenter GATT as a developed rather than a developing country. The United States also added harsher conditions, which even the United States, as a developed nation, does not necessarily have to comply with. For instance, China must, from the date its GATT entry goes into effect, abolish measures which do not conform with the investment agreement reached at the Uruguay Round. In light of the agreement, however,

there is a transitional period of two years for developed nations and four years for developing nations. The United States also demanded that China could not apply GATT provisions which allow developing countries to protect their infant industries, the agreement on farm produce, the agreement on technology and trade barriers, and interim terms and preferential treatment for developing countries included in the agreement on customs evaluation.

The obstacles suddenly placed by the United States are not merely for the sake of bargaining. The move shows that some people in the United States are using "Cold War" means to deal with China and to check China's economic growth. If these conditions are accepted by China, besides strangling its national industry, it will be difficult to carry on reform and opening up in its own way. It will also be difficult to feed the 1.1 billion population. If these conditions are accepted, it will be impossible for China to help its poverty-stricken peasants to develop agrotechnology. In the face of natural disasters, it will be impossible to keep grain prices down by allocating reserves to affected areas at low prices, maintain social stability, and take care of the people's livelihood. On major issues related to the country's economy and people's livelihood, it is necessary to safeguard the Chinese nation's right to existence and there is no room for China to retreat.

The harsh conditions imposed on China by the United States and the changeable U.S. attitude have strangled a promising market and undermined the representativeness of the GATT, is unjustified for any country, and has isolated the United States. China is absolutely capable of dealing with the United States on just grounds, to its advantage, and with restraint. It has urged the United States to return from this excessive price to reality and rationally resolve the problem. If the United States sticks to its unreasonable conditions, what kind of situation may occur? First, the entire West wants to develop China's huge market and expand global free trade. If the United States sticks to these conditions, factories set up by the Western investors in China will be profitless. As their investment returns are affected, they will blame the United States for making a mess of the situation. Second, U.S. entrepreneurs want to benefit from China's cheap labor and land and to increase investment. U.S. exporters expect China to buy more U.S. equipment with the foreign exchange earned. As the U.S. authorities have turned these expectations into visionary hopes, the Clinton administration will have to bear similar pressure to that on most-favored-nation status. Third, the trend of regional trading groups has cropped up in the world, protectionism is on the rise, the old international trade structure is tending to disintegrate, and the international community wants China to join the World Trade Organization, play its role, and keep world free trade organization intact. If China, whose population accounts for one-fourth of the world, withdraws from the ongoing process for its reentry to GATT, the world free trade system will be split further. Such a situation will be

disadvantageous to the West as well as to the United States. Failure to join GATT does not mean that China can no longer develop its foreign trade. There is great potential in China's foreign trade, which should not be underestimated. Fourth, the purpose of the World Trade Organization is to promote global economic and trade cooperation. The West needs China. China also needs the cooperation of the Western nations. The unreasonable position of the United States is bound to affect Sino-U.S. ties. This does not converge with the world's current trend of handling matters in light of international trade standards through consultations on an equal footing. Hence, the United States is bound to be blamed by the contracting parties. Fifth, the United States has outperformed the Western nations and has benefited and gained a lot of preferences from China's market through eight years' of talks. If the talks break down, the United States will gain nothing and will also spoil whatever it has achieved. China, however, can maintain bilateral trade ties with other industrial nations.

Central Eurasia

Sino-Russian Boundary Commission Ends Meeting in Moscow

OW2407004994 Beijing XINHUA Domestic Service
in Chinese 0904 GMT 21 Jul 94

[Text] Moscow, 21 Jul (XINHUA)—The Sino-Russian Joint Boundary Survey Commission held its fifth meeting in Moscow 11-21 July.

The two sides reviewed boundary survey work in the first half of 1994 and discussed pending issues related to the boundary survey. Both sides reiterated their pledges to strictly abide by the Sino-Soviet agreement on the eastern section of the boundary, which was signed on 16 May 1991.

During the meeting, Russian Deputy Foreign Minister Panov met with China's chief delegate, Xu Guangjian, and his party.

Qian Qichen, Latvia's Gailis Sign Accord Normalizing Ties

OW2807154194 Beijing XINHUA in English 1515
GMT 28 Jul 94

[Text] Beijing, July 28 (XINHUA)—Chinese vice-premier and Foreign Minister Qian Qichen and visiting Latvian deputy prime minister and Minister of Reform Maris Gailis today reached agreement on the normalization of relations between the two countries during their talks here.

Qian and Gailis formally signed a joint communique on the normalization of bilateral relations on behalf of their respective governments after the talks.

They agreed that the signing of the document signals a new beginning of bilateral relations, which conforms to the fundamental interests of the two peoples.

The two sides expressed the belief that bilateral friendly relations and cooperation in political, economic and other fields will grow further following the normalization of their relations.

China and Latvia established diplomatic relations at an ambassadorial level on September 12, 1991. The Chinese Embassy in Riga was withdrawn in February 1992 because Latvia established so-called "consular relations" with Taiwan, disrupting normal bilateral relations.

During the talks Qian said that the Chinese Government was satisfied with the delegation's completion of an important task for the normalization of bilateral ties during the visit.

The normalization of bilateral ties will add fresh vitality to and open new prospects for the growth of such relations, he said.

Qian noted that China was one of the first countries to recognize the independence of the three Baltic countries of Estonia, Latvia and Lithuania and to establish relations with these countries.

China fully supports the Baltic countries' independent sovereignty and territorial integrity, he added.

Qian said Latvia, an advanced industrial country with a very good geographical position, can become a "bridge" linking Western and Northern Europe and the Commonwealth of Independent States as well.

He said China will take positive measures to push forward bilateral relations and reopen its embassy in Latvia as soon as possible.

Qian said he was convinced that after China and Latvia resume their relationship, bilateral ties in every field, especially in economy and trade, will expand.

Gailis said it is his hope that after the normalization of the relations between Latvia and China, entrepreneurs of the two countries will have more chances to establish contacts with each other so as to promote bilateral economic relations and trade.

He said Latvia has three well-managed ports, a good quality labor force and comparatively advanced banking systems, which he said will create favorable conditions for cooperation between the entrepreneurs of the two countries.

Gailis said more Chinese entrepreneurs are welcome to pursue cooperative ties in Latvia.

After the talks, Gailis met with a group of Chinese journalists and answered their questions on issues related to the normalization of bilateral ties.

Qian Qichen, Maris Gailis Sign Joint Communiqué

OW2807183494 Beijing XINHUA Domestic Service in Chinese 1558 GMT 28 Jul 94

[Text] Beijing, July 28 (XINHUA)—Chinese vice-premier and Foreign Minister Qian Qichen and visiting

Latvian deputy prime minister and Minister of Reform Maris Gailis signed a joint communiqué between China and Latvia on the normalization of relations here this evening. The full text of the joint communiqué is as follows:

On July 28, 1994, Mr. Qian Qichen, representative for the Government of the People's Republic of China, vice-premier of the State Council and minister of foreign affairs, and Mr. Maris Gailis, representative for the Government of the Republic of Latvia, deputy prime minister and minister of reform, held talks in Beijing on the normalization of relations between the two countries. The two sides have reached agreement as follows:

1. The People's Republic of China and the Republic of Latvia will, in handling their bilateral relations, abide by the principles set forth in the joint communiqué on the establishment of diplomatic relations signed on September 12, 1991, including the principles of mutual respect for sovereignty and territorial integrity, non-interference in each other's internal affairs, equality and mutual benefit and peaceful coexistence. The two sides have decided to normalize their relations as of the date of the signing of this joint communiqué. The "consular relations" between Latvia and Taiwan shall be terminated on the same date.

2. The Government of the Republic of Latvia reaffirms that it recognizes the Government of the People's Republic of China as the sole legal government of China and Taiwan as an inalienable part of Chinese territory. It undertakes not to enter into official relationship or official contacts with Taiwan.

The Government of the People's Republic of China reaffirms its support for the efforts of the Government of the Republic of Latvia to safeguard national independence and develop the economy.

3. The Embassy of the People's Republic of China will be re-opened in Riga soon. The Government of the Republic of Latvia will provide all the necessary assistance to the embassy for the resumption of its work.

The Government of the People's Republic of China welcomes the establishment of the Embassy of the Republic of Latvia in China and will provide the latter with all the necessary assistance for the performance of its functions.

The two sides are of the view that the visit to China by the government delegation of the Republic of Latvia and their consultation with the Chinese Foreign Ministry mark a new starting point in relations between the People's Republic of China and the Republic of Latvia. They are convinced that with the concerted efforts of both sides, the equal, mutually-beneficial and fruitful cooperation between the two countries in the political, economic, scientific and technological, and cultural fields will further develop and grow in strength.

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Beijing, Yerevan Sign Agreement on Visa Exemption

OW2907080694 Beijing XINHUA in English 0736
GMT 29 Jul 94

[Text] Beijing, July 29 (XINHUA)—An agreement on mutual exemption of visa requirements was reached between China and Armenia in Armenia's capital Yerevan July 4, according to sources here today.

The agreement will enter into force on August 3, 1994.

The new agreement stipulates that citizens of either contracting party who are holders of a valid diplomatic, service, ordinary passport for public affairs or ordinary passport stamped "official purposes" and their accompanying persons who share the same passport with them shall be exempted from visa requirements for entry into, transit through and stay in the territory of the other contracting party.

Citizens of either contracting party shall enter into, exit from or transit through the territory of the other contracting party through ports open to international travelers and complete necessary formalities in accordance with the relevant regulations of the competent authorities of the receiving country.

According to the agreement, the above-mentioned personnel shall abide by the regulations and laws of the other contracting party during their stay in the territory of the party and shall apply for residence permits upon entry into the receiving country in accordance with the relevant regulations of the competent authorities of the other contracting party.

Northeast Asia

Foreign Ministry Refuses Comment on DPRK Nuclear Weapons

OW2907100294 Tokyo KYODO in English 0945
GMT 29 Jul 94

[Text] Beijing, July 29 KYODO—China's Foreign Ministry refused Friday [29 July] to comment on allegations made by a North Korean defector that Pyongyang has produced five nuclear weapons.

"We have no basis to comment on whether the report you have cited is factual or not. As for China's attitude, we have consistently advocated a nuclear-free Korean peninsula," a Foreign Ministry spokesman said.

Kang Myong-to, who claims to be a son-in-law of North Korean Prime Minister Kang Song-san, told reporters in Seoul on Tuesday that North Korea had developed five nuclear bombs by the end of last year.

North Korea denies it has nuclear bombs and says the man is not a son-in-law of its prime minister.

South Korea said Thursday it has no evidence to support the man's claims and it is further investigating the matter.

Hebei's Qinhuangdao Resumes Containership Service With ROK

SK2807132694 Shijiazhuang HEBEI RIBAO in Chinese 14 Jul 94 p 1

[Text] The regular containership service between Qinhuangdao in Hebei Province and Pusan in the ROK resumed on 13 July.

The development of containership services represents an important sign of the internationalization and modernization of the harbors. To this end, the Qinhuangdao Port Office has formulated a long-term development plan, invested large amounts in development, and installed additional and better equipment. At present, the harbor can handle 100,000 standard containers each year and has a fine tangible environment. After a two-year suspension, the regular containership service between Qinhuangdao and Pusan has been finally resumed thanks to the efforts made by various concerned circles. After the service's resumption, the ship "Ming-Xing-He," which is in charge of navigation between Qinhuangdao and Pusan, will undertake the service every two weeks and go through the new harbor of Tianjin Municipality. The resumed service has an important significance in pushing forward the development of Sino-ROK trade, in promoting the economic prosperity of the province and of Qinhuangdao, and in accelerating the development of containership services in the city's harbor.

Southeast Asia & Pacific

Major PRC Firms Support Products Indonesian Show

OW2807121394 Beijing XINHUA in English 1152
GMT 28 Jul 94

[Text] Jakarta, July 28 (XINHUA)—The 3rd China Machinery, Electronics Products and Technology Exhibition opened here today at the Jakarta Conference and Exhibition Center.

About 50 corporations and manufacturers coming from China's 27 cities put on display 300 exhibits from 20 categories, including machine tools, electric appliances, agricultural and livestock farming machinery, electric motor and apparatus, mining equipment, food and packing machinery and communications equipment.

In a written speech read out at the opening ceremony, Minister of Industry Tungky Ariwibowo said that this exhibition has great significance to Indonesia's industry by providing market information and conducting technical exchanges.

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The minister wished the exhibition a success in strengthening cooperation between businessmen of the two countries.

He also invited Chinese businessmen to invest in Indonesia, so that Indonesia would become a base of machinery and electronic products to enter into the world market.

In his speech, Chinese delegation head Bi Kefeng said that the trade between Indonesia and China in the field of machinery and electronics products has great potentials.

In an exclusive interview with XINHUA, Bi said that the structure and technical level of China's machinery and electronic products could meet Indonesia's needs at present and in the future.

He said that the trade value on machinery and electronic products in the first two exhibitions in 1992 and 1993 was 10 million U.S. dollars each. He hopes that the trade value in this show will be the same or a little over.

The exhibition will last to August 2.

Medical Companies Show Off Technology at Jakarta Trade Fair

OW2807132294 Beijing XINHUA in English 1250 GMT 28 Jul 94

[Text] Jakarta, July 28 (XINHUA)—'94 Jakarta Exhibition on China's achievements in medical and health sciences and technologies opened here today at the Jakarta Conference and Exhibition Center.

With support and assistance from the Indonesian Ministry of Health and the Indonesian Chamber of Commerce and Trade, more than 200 central and local Chinese enterprises, factories and institutions put on display more than 1,000 medicines and medical equipment, which reflect the achievements and development of medical and health services in China in recent years.

Qin Xinhua, director of the Chinese delegation, said it is expected that the people of Indonesia could have a better understanding, through this exhibition, of China's medical, scientific and technological progress to their own benefit.

The exhibition will last to August 2.

Yunnan Province Strengthens Cooperation With Laos

OW2807105994 Beijing XINHUA in English 1039 GMT 28 Jul 94

[Text] Kunming, July 28 (XINHUA)—Southwest China's Yunnan Province is broadening the areas of its trade and technology co-operation with neighboring Laos.

A highway, now being planned, will link Kunming, the capital of Yunnan, with Laos and Thailand.

Major rivers as the Lancangjiang and Mekong have long served to tighten regional co-operation. Now, they are playing an even greater role.

Yunnan has helped Laos build several hydroelectric power projects and extended loans for it to rebuild its airport and irrigation systems.

Joint ventures such as hotels and automobile factories have been set up. Both sides have also shown interest in jointly planting sugar cane, rubber trees and rice.

Last year the total import and export trade between the two sides reached 60 million yuan. A higher figure is expected this year.

Chi Haotian Meets Thai Navy Chief 27 Jul

HK2707124794 Beijing ZHONGGUO XINWEN SHE in English 0921 GMT 27 Jul 94

[Text] Beijing, 27 Jul (ZHONGGUO XINWEN SHE)—China's State Councillor and Minister of National Defense, General Chi Haotian, said that China should learn advanced experience and technology from foreign armies when meeting with Thailand's Commander-in-Chief of the Navy this morning.

General Chi, who has visited Thailand for three times, expressed that the cooperation between the armies of China and Thailand, especially between the two navies, was most friendly and fruitful.

The friendly cooperation between Thailand and China was essential for maintaining peace in Asia as well as in the world, the general was quoted as saying. It was also very important for the two armies to learn the strong points from the other so as to offset one's weaknesses. There was no conflict but common interests between the two countries.

Internationally there were rumours saying that China would fill in the vacancy and would expand her territory, or China had territorial ambition, etc. Such groundless views were targeted at sowing dissension among China and other Southeast Asian countries, said General Chi.

China has consistently been against hegemony and power politics and her stand was very clear. China would never do so even if she has become a quite developed country in the future. China upheld a defensive policy as far as national security was concerned and would fight against any foreign aggression in order to protect the country in economic construction. Therefore, the Chinese army had no military base abroad.

China's Commander-in-Chief of Navy, General Zhang Lianzhong, also attended the meeting. Beforehand he had a working meeting with Thailand's Commander-in-Chief of the Navy. The two of them had exchanged views on topics like the development of the navy of each

country, further development of the friendly and cooperative relationship between the two navies and other issues that were of mutual concern.

Near East & South Asia

PLA Chief of General Staff Meets Egyptian Counterpart

OW2807114894 Beijing XINHUA in English 1130
GMT 28 Jul 94

[Text] Beijing, July 28 (XINHUA)—General Zhang Wannian, chief of general staff of the Chinese People's Liberation Army (PLA), met with Field Marshal Husayn Tantawi, commander-in-chief of the armed forces and minister of defense and military production of Egypt, here today.

After the meeting, Zhang hosted a dinner for Tantawi and his party, who arrived here yesterday.

Plans Underway for Mubarak To Meet Rabin in Israel

OW2907091894 Beijing XINHUA in English 0757
GMT 29 Jul 94

[By Huai Chengbo]

[Text] Jerusalem, July 29 (XINHUA)—Egyptian President Hosni Mubarak will apparently come to Israel for a meeting with Prime Minister Yitzhak Rabin soon, Israel Radio said today.

The meeting is to take place at the start of next week and one possible location is Beersheba, south Israel, said the radio, which did not give the source of the report.

There also are reports that the summit was being planned for Sunday and may be held in the Egyptian Red Sea resort of Taba.

The idea for a meeting came up during Foreign Minister Shim'on Peres' visit to Cairo last week and again was discussed in a phone call between Rabin and Mubarak Wednesday [27 July].

It appears that the recent intensive diplomatic activities involved in the peace process warrant such a meeting.

The Washington summit between Rabin and King Husayn of Jordan ushered in a new era of peace between Israel and Jordan and also marked a new milestone in the Middle East peace process.

The summit was preceded by a trilateral meeting between Jordanian Prime Minister Dr. 'Abd-al-Salam al-Majali, Peres and U.S. Secretary of State Warren Christopher in a hotel on the Jordanian side of the Dead Sea.

But the Washington declaration ending the 46-year state of war between the two neighbors has created a sharp

reaction from the PLO, which was upset by the declaration's reference to the "special role" given to Jordan in the Islamic holy sites of east Jerusalem.

Mubarak, who visited Syria Sunday in an effort to persuade President Hafiz al-Asad to be more forthcoming in peace talks with Israel, perhaps would like to convey personally to the Israeli leaders what he saw and heard in Damascus.

Israel has made it clear that it does not want to push Syria to a sideline while it is concentrating its efforts on the Jordanian track.

Christopher is expected to return to the Middle East shortly for his fourth round of shuttle diplomacy this year, being aware that the Syrian track is the key to realizing the goal of president Bill Clinton to turn 1994 into a year of peace in the Middle East.

West Europe

Qian Qichen Meets Spanish Deputy Prime Minister

OW2807125994 Beijing XINHUA in English 1246
GMT 28 Jul 94

[Text] Beijing, July 28 (XINHUA)—Both the Chinese and Spanish Governments are satisfied with the good development of relations between the two countries, according to a meeting between Vice-Premier and Foreign Minister Qian Qichen and Spanish Deputy Prime Minister Narcis Serra y Seera today.

Serra's ongoing visit and the trade mission composed of hundreds of entrepreneurs for the Spanish Industrial and Technology Fair in Beijing will help push ahead the friendly cooperative relations between the two countries, Qian said.

Serra noted that the Spanish Government attaches much importance to developing relations with China and other Asian countries. The Spanish Government hopes for more exchanges of visits by high-level political leaders of the two countries. This, he added, would be of significance to strengthening bilateral relations in various fields.

The deputy prime minister praised China's economic achievements over the past several years and the enormous changes as a result of economic growth. China's development is a contribution to world peace, he stated.

Qian said that the Spanish Government's policy of developing relations with China and other Asian countries is a far-sighted one. The sustained, fast and healthy economic development in China and the good economic growth of Spain over the past few years have provided a good opportunity for further cooperation, Qian said.

Qian and Serra also exchanged views on issues of mutual interest, including the international situation and regional issues.

Rong Yiren Meets Serra

OW2907085694 Beijing XINHUA in English 0802
GMT 29 Jul 94

[Text] Beijing, July 29 (XINHUA)—Chinese Vice-President Rong Yiren today expressed satisfaction with the growth of the relations between China and Spain and said he hoped the momentum would be maintained.

Meeting with visiting Spanish Deputy Prime Minister Narcis Serra y Seera here this morning, Rong said the exchange of visits between the leaders of the two countries gives a powerful impetus to the development of bilateral friendly relations and co-operation in every field.

Last year, Rong noted, bilateral trade grew rapidly and the momentum for the growth of bilateral ties was good. "It is our hope that better results will be achieved this year," he added.

Extending a warm welcome to Serra, Rong recalled his visit to Spain last September and said that he was deeply impressed by the beautiful country and its people's hospitality.

Serra said that the rapid development of China's economy has brought about great changes in the country, which he said had given him a deep impression.

He stressed that the Spanish Government attaches great importance to developing its friendly co-operation with China.

It is of great importance that sound political relations help push forward economic relations and trade, he said.

Spain desires to establish long-term political relations with China, Serra said.

Jiang Enzhu, vice-minister of foreign affairs, was present at the meeting.

Political & Social

Qiao Shi Urges Media To Support Reform, Stability

HK2907121894 Hong Kong MING PAO in Chinese
27 Jul 94 p A10

[By Wu Kuang-te (0702 1639 1795): "Qiao Shi Instructs Mainland Media To Publish Reports Which Maintain Reform and Stability"]

[Text] Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the National People's Congress [NPC] Standing Committee, recently summoned responsible officials from central and major newspapers in Beijing. Qiao gave important instructions on propaganda and media guidance for the present and the latter half of the year.

A source disclosed that Qiao Shi analyzed Mainland China's current political and economic situation at the briefing.

Qiao was optimistic about the mainland's current overall situation, thanks particularly to the smooth progress in the reform of the financial, investment, enterprise, and other systems which started earlier this year. Qiao said that the current situation has created a fine environment for further deepening comprehensive reform. Because of the temporary difficulties encountered in deepening enterprise reform and the pressure of inflation, press circles must make the utmost efforts to safeguard the reform environment and avoid mistakes in media reports which might affect the smooth progress of reform and social stability.

At the briefing, Qiao Shi gave a special series of instructions on sensitive matters which should be noted in news reports and on exercising strict control over the following issues:

First, reports on the recent floods and droughts on the mainland should not be exaggerated. Officials responsible for press units should check reports on crop damage and reductions in output caused by the natural disasters.

Second, the anticorruption drive should be fully reported as it is a serious, protracted political movement launched under the unified leadership of the CPC Central Committee. Reports on the anticorruption drive should also be filed under the unified leadership of the relevant central departments. Reports on specific cases should be based on relevant material made public by the Disciplinary Inspection Commission of the CPC Central Committee.

Third, the blind flow of laborers seeking jobs is inevitable in the course of reform. It is necessary to file positive reports by offering guidance to resolve this social problem rather than excessive superficial reports on the blind flow of laborers.

Fourth, it is the unswerving policy of the party and government to screen and crack down on the ugly phenomena of prostitution, drug trafficking, and drug addiction in society. While reporting on these, press units should uphold the criteria and base their reports on the government's principles and policies, attack the activities, and avoid exaggeration of these ugly social phenomena.

Fifth, the deepening of state enterprise reform and the establishment of the enterprise system is an extremely important and crucial reform introduced by the party and government, which has a bearing on the success or failure of all other reforms. Some state enterprises will have to go bankrupt as this constitutes part of the reform. Meanwhile, enterprise bankruptcy will result in unemployment and other extensive social problems. For this reason, press units should be very careful in their reports.

Sixth, there should be more positive and less negative reports on the domestic stock market and the mentality of shareholders, particularly those shareholders who go bankrupt and even commit suicide. It is necessary to exercise strict control over these reports in order to avoid negative influences, fluctuations, and unrest in the stock market.

The source pointed out that Qiao Shi's instructions indicate worries in the top CPC level about the current domestic situation. Although the NPC Standing Committee has continued to give regular briefings to press circles, the main contents are related to the NPC. As Qiao Shi is not responsible for propaganda and ideological work in the CPC Central Committee's Political Bureau Standing Committee, it is indeed extraordinary for him to give a briefing to central press units.

Leaders Pay Last Respects to Former CPPCC Member Han Xu

OW2907072394 Beijing XINHUA in English 0657
GMT 29 Jul 94

[Text] Beijing, July 29 (XINHUA)—A ceremony for paying last respects to Han Xu, late member of the Standing Committee of the Chinese People's Political Consultative Conference (CPPCC) Eighth National Committee and chairman of the CPPCC's Subcommittee on Foreign Affairs, was held here this morning.

Qiao Shi, chairman of the Standing Committee of the Chinese National People's Congress (NPC), Li Ruihuan, chairman of the CPPCC's National Committee and Rong Yiren, China's vice-president, presented wreaths to Han, who died of cancer July 19 at the age of 70.

Chinese Vice-Premier and Foreign Minister Qian Qichen, vice-chairmen of the NPC Standing Committee Lei Jieqiong, Wang Guangying and Buhe, and people from all walks of life in the capital paid their last respects to Han's remains.

Han, former Chinese vice foreign minister, served as Chinese ambassador to the United States from 1985 to 1989. After that, he served as president of a non governmental organization—the Chinese People's Association for Friendship with Foreign Countries, until May this year.

Yang Rudai on Peasants' Interests, Incentive

HK2807142694 Beijing RENMIN RIBAO in Chinese 25 Jul 94 p 5

[Article by Yang Rudai (2799 3067 1486) in the "Forum on Reform Flashpoints" column: "Truly Safeguard Peasants' Interests and Increase Their Motivation"]

[Text] Peasants' Motivation Ultimately Is a Problem About Their Interests

Before the Third Plenary Session of the 11th CPC Central Committee, our party attached great importance to agriculture. The whole party pursued agriculture, and leading cadres at all levels worked on the front line of agriculture, with the support of various trades and professions. Why were there no benefits for agriculture? The main reason was the egalitarianism of the past. The system of "everybody eating from the same pot" seriously dampened peasants' motivation and hampered the growth of social productive forces in rural areas. After the Third Plenary Session of the 11th CPC Central Committee, reforms were launched in rural areas. Through policies such as the contract responsibility system on a household basis with remuneration linked to output, and increasing prices for farm and sideline products, rural areas were allowed to recuperate and recoup; peasants' income jumped rapidly; production incentive greatly increased; and growth in agriculture and the rural economy was rapid, reaching an all-time high in 1984. The liberation and development of rural productive forces at this stage of reforms was reflected mainly in increased motivation on the part of production laborers, which allowed capital construction projects like farmland water conservancy and agricultural technology to play a full role.

Over the recent years, agriculture has been developing and rural areas have been basically stable, town and township enterprises also are developing rapidly, and rural reforms have entered a new stage. Beneath this good situation, however, lies a prominent problem: Peasants' falling comparative gain dampening their motivation for production. Statistics of agricultural departments show that, allowing for price factors, the annual growth rate of peasants' average net income from 1980 and 1984 was 15.1 percent, 5 percent from 1985 to 1988, and 2 percent from 1989 to 1992. Obviously 1984 was a turning point for peasants' income growth, which had been rising before that year and has declined annually ever since. Now compare peasants' income with that of urban residents. The gap between rural and urban residents' income gradually widened over the ups and downs in peasants' income growth. The ratio of peasants' income

versus urban residents' was 1:2.4 in 1978; 1:2.3 in 1980, and 1:1.7 in 1984, but good things never last long. The gap began to widen after 1984. It was 1:2.2 in 1990; 1:2.33 in 1992, which was higher than 1980; and 1:2.53 in 1993.

What were the main causes of decreasing comparative efficiency in agriculture and the falling growth rate of peasants' income over recent years? 1) Peasants' burdens increased year by year. It was after 1993 that we began to tackle and reduce peasants' burdens. Though some results have been achieved the problem remains, owing to the constraints of the general level of economic development. 2) As the full scope of urban reforms unfolded, prices gradually were deregulated, abruptly pushing up prices for agricultural capital goods, and prices in general, at a rate faster than increases in major farm and sideline products and peasants' income, thus widening the once-narrowed price scissors between industrial and agricultural products. From 1989 to 1991 the scissor gap widened by a total of 16.5 percent, with 1990 and 1991, respectively, accounting for 6.6 percent and 5.1 percent. Between 1991 and 1992 it widened by 3.2 percent. The widened scissors gap raised the cost of agricultural products and weakened peasants' purchasing power for agricultural capital goods. Prices for agricultural capital goods last year rose 14.1 percent over the previous year, while the market sales volume dropped 7.8 percent. 3) Reduced agricultural input: In 1978, the state's planned input accounted for 10.69 percent of total agricultural input, but fell to 6.21 percent in 1984. In the 1993 investment structure, agricultural investment dropped to 2.2 percent from 2.8 percent in 1992.

These trends moved against agricultural growth and overall economic development, and show that the benefits peasants derived from the first years of reform were disappearing, seriously hurting peasants' motivation. This was the underlying cause of the grim situations facing grain and cotton production and of rural instability in the last few years.

Comrade Xiaoping warned us: "In the 1990's, if there is any problem, it must be in the agricultural sector." It should serve as a long-sounding alarm for us in economic work. The Central Committee put agriculture and rural work high on its agenda and convened two central rural work conferences in less than six months to study and plan agricultural and rural work. We have to adopt practical, effective, and proven measures to implement and carry out central plans.

We Should Base Ourselves on Our Country's National Situation and Handle Well Three Relations With Regard to Guiding Thought

1. Correctly handle the relation between the majority and the minority, with emphasis on the interests of the former. In our country, 80 percent of the 1.1 billion population live in rural areas. China will not develop without development in the rural areas and wealth for peasants,

nor will it be stable without stability in the rural areas. This is one of the outstanding characteristics of China's national situation. Putting agriculture, rural areas, and peasants' problems at top of the party's agenda and treating them as the primary tasks in the state's development strategy are scientific conclusions made by our party leaders on the basis of experience in economic work and are also their basic policy. Reforms entail adjustments in interests, and it is very difficult to ensure that everyone will benefit from each new measure. There should be a principle, however, which is that the interests of the majority must not be sacrificed. Specifically, the 800 million or more peasants should not be made to pay the price. The interests of the 800 million or so peasants are always the criterion in deliberating issues, weighing options, and making decisions. This is dictated by development and stability, as well as by the principles of our party.

2. Correctly handle the relations between increasing peasants' income and satisfying social demand for farm and sideline products, and increase the production motivation of laborers. These are the two goals for developing agriculture and rural economies. The two should be unified. Peasants should be earning income and compensation as they provide society with farm and sideline products, but when the market economy is unsound and the gaps between urban and rural areas and between industrial and agricultural products widen, the two may not go hand-in-hand. Partial emphasis on meeting consumers' demand without regard for the income problem for production laborers, which naturally depresses prices for farm and sideline products, will hurt peasants' incentive for production and finally result in even more serious shortages in these farm products, especially grain and cotton, and in this way create a vicious circle. We should realize that the rural areas in which the 800 million or so peasants live are the biggest market in our country. When peasants' income goes up, so does their purchasing power for industrial products, which in turn stimulates growth in secondary and tertiary industry. On the other hand, when peasants' income and purchasing power remain low, rural areas will not grow into a big market, and industrial development will proceed on an increasingly narrow path. This is one of the key reasons why some state-run enterprises are deep in trouble; They cannot move the daily consumer products or agricultural capital goods on their hands. In this context, the biggest hope for Chinese economic development is in the rural areas. Let us always remember: The primary factor of productive forces is labor. **Motivating peasants and keeping their incentive undampened are the same as protecting and developing social productive forces in rural areas. Whoever upholds this thought upholds the principle that productive forces are the only criterion.**

3. Correctly handle the relationship between grain- and cotton-producing areas and grain- and cotton-selling areas with a view to protecting incentive in the former. Generally speaking, grain and cotton producing areas are less

industrialized, while selling areas are relatively industrialized—for example, large- and medium-sized cities and the coastal region, where secondary and tertiary industries are the economic pillars. As agriculture is an industry that depends on biological growth, and in our country, far from being modernized, it basically depends on nature, is highly vulnerable to market fluctuations and natural disasters, and requires much longer production and renewal cycles. As its production returns are far lower than those of secondary and tertiary industry, agriculture is always an underdog in market competition. A predominantly agricultural area is more often than not underdeveloped, particularly in large grain-producing counties. The more these counties contribute to the state, the poorer they are. In many countries, instead of depressing prices for agricultural products, there are protective price floors below which subsidies are given. In Japan, the state not only purchases farm and sideline products at prices higher than their selling prices, but determines the size of farm labor costs according to the average labor wage level, and arrives at a grain price after figuring in income subsidies. In view of the peculiar situation in our country, the state must give protection to grain- and cotton-producing areas and pursue a policy of having selling areas subsidize producing areas in order to correct the situation in which the more peasants produce the less they earn, and the more bumper harvests localities have the greater their financial difficulties.

A Stable Policy of Protection for Agriculture To Halt Its Falling Comparative Efficiency

It is most important to achieve the following five things:

1. Resolutely implement all the policies and measures initiated by the Central Committee and State Council on reducing peasants' burdens; conscientiously monitor these policies and measures to see how well they are being implemented; halt and guard against practices that pass on burdens or are, in effect, another form of levy.

2. Adhere to and perfect grain and cotton policies that help increase peasants' motivation. The government must arrive at a rational cotton- and grain-purchasing price on the basis of market movements, agricultural costs, and a certain level of profit, with the aim of raising the comparative efficiency of grain and cotton production and preventing the price gap between industrial and agricultural products from widening. This amounts to the pursuit of a market economy, making fluctuations in grain prices unavoidable. At present, it is the entire upward price movement that is pushing up grain prices, not the other way round. When strengthening macroregulation and control, the state can no longer resort to freezing grain prices through administrative measures, but should adopt new methods adapted to a market economy and pursue regulatory control through the setting up of grain reserves, risk-adjustment funds, minimum grain prices, and government-managed grain wholesale markets.

3. Direct efforts to supporting the economic development of grain- and cotton-producing areas. The state must

firmly support designated large commercial grain counties and large cotton counties and be suitably biased in favor of them in appropriations; work seriously to overcome the problems of low grain production efficiency, low liquidity arising from cash being tied up in procurement programs and reserves, and losses and outstanding credit in grain transactions; ensure the supply of funds for grain procurement and pledge commitment to grain transaction expenses; regulate the relationship between the interests of areas producing grains and cotton and those of areas selling them; and confirm the policy of having selling areas subsidize producing areas, and of selling areas' obligations toward producing areas.

4. Adopt effective measures, similar to the one practised some time ago, to keep the rate of price increases in agricultural capital goods lower than that of price increases in farm and sideline products. We can set a price ceiling for farming materials, while supporting the development of the agricultural material industry with policies and funds. We must strengthen management of the production and sale of agricultural capital goods so as to ensure that basic farming demands for chemical fertilizers, pesticides, and agricultural sheetings are met and that they are supplied at the right time and do not delay farming operations. In short, the gap between industrial and agricultural product prices must not be allowed to continue widening, thereby ensuring that peasants' income can increase roughly in proportion to growth in agricultural production.

5. Try everything we can to reverse the trend of the falling proportion of agricultural input in state's overall appropriations. It is to be hoped that after a number of years of vigorous effort, the proportion will be restored to its levels during the Third Plenary Session of the 11th CPC Central Committee. We must strengthen sciences and education in agriculture, and boost agricultural infrastructure projects and programs in, for example, water conservancy, particularly supports for big grain and cotton counties and for economically underdeveloped, agriculture-dominated areas; reduce economic pressure on these areas; and strengthen their capacity for self-development and producing more farm and sideline products for the market.

Report on Leaders' Activities 22-28 Jul

OW 2907105294

[Editorial Report] PRC media monitored by Okinawa Bureau carried the following reports on PRC central leadership activities from 22 to 28 July. The source is noted in parentheses after each report.

Li Tieying Meets Artists—Li Tieying, member of the CPC Central Committee Political Bureau and state councillor, received 19 artists who returned after giving performances in Yanan at the Ziguan Pavilion of Zhongnanhai on 21 July. Earlier, on 5 July, the state councillor wished bon voyage to the artists from the Ministry of Culture before they set off from Beijing on 7

July. The delegation returned on 16 July. During the meeting on 21 July, Li Tieying heard a report by the delegation head and expressed his gratitude to the artists. Comrade Liu Zhongde, deputy director of the Central Propaganda Department and minister of culture, was also present at the meeting. (Beijing XINHUA Domestic Service in Chinese 0736 GMT 22 Jul 94)

Qiao Shi, Others Inscribe for Art Festival—Shanghai International Children's Art Festival opened on 23 July. Leading Comrades Qiao Shi, Liu Huaqing, Li Tieying, Wu Bangguo, Chen Muhua, Huang Hua, and Huang Ju respectively wrote inscriptions for the art festival. Qiao Shi's inscription reads: "Children Around the World Love Peace" and Liu Huaqing's inscription reads: "Children are the Angels of Peace." Veteran writer Ba Jin sent this congratulatory message: "Culture can purify a person's soul." (Beijing XINHUA Domestic Service in Chinese 0915 GMT 23 Jul 94)

Jiang Zemin, Liu Huaqing Inscribe for Red Company—The Ministry of Defense held a meeting to mark the 30th anniversary of naming a model red company in Changchun on 23 July. Jiang Zemin and Liu Huaqing inscribed for it. Jiang Zemin's inscription reads: "Develop the Red Army Tradition; Treasure Historical Honor; Study Well Revolutionary Theory; Build a Company With Perfect Military Skills." Liu Huaqing's inscription reads: "Treasure Historical Honor and Link Theory With Practice." (Beijing Central People's Radio Network in Mandarin 1030 GMT 25 Jul 94)

Li Lanqing Congratulates Chinese Students—Vice Premier Li Lanqing warmly congratulated Chinese students who won honors at the International Science Olympics. At a meeting to welcome the triumphant return of the students on 26 July, he said that the Chinese students' winning medals at the International Science Olympics show the high scientific level among the Chinese youngsters. He said the medals have boosted self-confidence of the Chinese people. He called for giving priority to the training of talents and to the development of education. Li Lanqing urged the students to do an even better job. He also expressed gratitude to the hardworking teachers who wholeheartedly train their students without regard for fame and gain. (Beijing XINHUA Domestic Service in Chinese 0841 GMT 26 Jul 94)

Chi Haotian Praises Spirit of Handicapped People—After hearing reports on the deeds of the handicapped people and their performances at the Handicapped People's Games on the television, Chi Haotian, state councillor and defense minister, wrote a short article. The article says: "As an old soldier, I have fought many battles, was wounded several times and bear some body scars, and have witnessed quite a lot of moving scenes. I was so impressed by the handicapped people after hearing their reports and watching their athletic performances that I could hardly suppress my feelings. Although disability has brought them much inconveniences and fate has been unfair to them, they are able to

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overcome those inconveniences and difficulties. I greatly admire their strong willpower and their indomitable will to get ahead in society." "Their moving deeds, indomitable spirit, noble spirit, and superb skills will not only give us food for thought but also encourage us to advance forward. They embody China's indomitable spirit and the great mind of China." In conclusion, Chi Haotian asserted: "With such courage, such resoluteness, and such willpower, we can overcome any difficulties and we will surely realize the second-step strategic objectives." (Beijing XINHUA Domestic Service in Chinese 0847 GMT 26 Jul 94)

Yu Yongbo Greets Handicapped Report Group—Yu Yongbo, member of the Central Military Commission and director of the PLA General Political Department, warmly greeted the handicapped report group on 27 July. He said China particularly needs a hard-struggle and hardworking spirit as China's reform, opening up, and modernization construction are entering a critical stage. He said the spirit displayed by the handicapped people will help promote social development and modernization construction of the state and the Army. (Beijing XINHUA Domestic Service in Chinese 1246 GMT 27 Jul 94)

Wu Bangguo, Huang Ju Attend Armed Police Meeting—Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai municipal CPC committee, and Shanghai mayor Huang attended a meeting at the Shanghai Exhibition Center on 27 July to give an honorable title to an armed police squad for having done a good job on emulating the good eighth company on Shanghai's Nanjing Road. Wu Bangguo delivered an effusive speech at the meeting. (Shanghai People's Radio Network in Mandarin 2300 GMT 27 Jul 94)

Wu Bangguo Meets Foreign Investor—Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal CPC committee, met with (Guo Henian), chairman of the (Jiali) group on 27 July. Wu Bangguo said he was pleased with Mr. (Guo's) investment in Shanghai. He briefed him in detail on Shanghai's reform, opening up, and economic construction. He said Shanghai will further improve investment environment and create even better conditions for foreign businessmen in Shanghai. (Shanghai People's Radio Network in Mandarin 2300 GMT 27 Jul 94)

Li Lanqing Meets Chambers of Commerce Delegates—Vice Premier Li Lanqing met with representatives to the meeting on the reform of import and export chambers of commerce at the Zhongnanhai on 28 July. He called for chambers of commerce to improve their services. Li Lanqing said the State Council attaches great importance to the role the import and export chambers of commerce play in China's development. He added that the State Council has approved the Foreign Trade and Economic Cooperation Ministry's suggestions on reform

of the import and export chambers of commerce. (Beijing Central Television Program One Network in Mandarin 1100 GMT 28 Jul 94)

Chi Haotian Watches Dance Performance—Chi Haotian, member of the Central Military Commission and defense minister, and Yu Yongbo, member of the Central Military Commission and director of the PLA General Political Department, watched with great interest a dance performance at the Shoudu Gymnasium in Beijing on the evening of 28 July. (Beijing XINHUA Domestic Service in Chinese 1538 GMT 28 Jul 94)

3 Company Officials 'Executed' for Graft, Embezzlement

Fuzhou, Shenzhen, Guanzhou Scene of Executions
OW2807133994 Beijing XINHUA Domestic Service in Chinese 0803 GMT 28 Jul 94

[By reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 28 Jul (XINHUA)—According to the Supreme People's Court, the trial of three major economic criminal cases involving graft and the embezzlement of large amounts of public funds by company employees was concluded after a review by the Supreme People's Court. Zhang Jianping, former head of the Mineral, Chemical, and Machinery Products Section of the China (Fujian) Foreign Trade Center; Liu Jianyi, formerly an operations clerk on loan to the Planning and Development Department of the Shenzhen City Eastern Development Group Company; and Luo Rulong, an accountant and teller sent to work at the Macao Ceramics Limited Company by the Guangdong Provincial Ceramics Company, were sentenced to death and deprived of political rights for life. The three criminals were executed by firing squad in Fuzhou, Shenzhen, and Guangzhou, respectively, this morning in accordance with the Supreme People's Court's decree on enforcing the death sentence.

Toward the end of 1991, the now-36-year-old Zhang Jianping and a businessman surnamed Zhang from Hong Kong set up two companies in the latter's name. The companies, which were nominally wholly foreign-owned enterprises, were actually owned by Zhang Jianping, who also served as general manager. To raise working capital for the companies, Zhang Jianping abused his official position to embezzle more than \$2.74 million, 640,000 yuan, and more than \$170,000 in public funds using counterfeit receipts for commissions to foreign businessmen and counterfeit export manifests, and intercepting and retaining payments for goods made to his section. He used all the funds to carry out the business activities of his two companies. The Fuzhou City Intermediate Court and the Fujian Provincial Higher Court sentenced Zhang Jianping to death and deprived him of political rights for life on the combined charges of graft and embezzlement. In reviewing the case, the Supreme People's Court ruled that Zhang

Jianping's embezzlement of public funds in his capacity as a state functionary constituted the crime of graft and embezzlement. Besides, the court ruled that he should be severely punished in accordance with the law because the sums involved were extraordinarily large and the circumstances were exceptionally serious. The court approved the verdict sentencing him to death and depriving him of political rights for life.

Liu Jianyi, now aged 39, signed contracts to supply corn and pharmaceuticals to the Guangxi International Technology Company and two other companies on behalf of his company from January to April 1987. He received more than 1.43 million yuan in down payments from the three companies. Thereafter, instead of supplying the goods, Liu Jianyi, working in collusion with Mai Jinchao, an operations clerk at the Changan Town Materials Supply and Marketing Company in Dongguan city, wangled the consent of the responsible person in his department to obtain funds ostensibly to use as down payments on corn purchases. He then transferred more than 1.28 million yuan to the Changan Town Materials Supply and Marketing Company's account, and, citing his company's urgent need for working capital, he withdrew all the money for his own use. He was arrested by public security officers in Beijing on 27 February 1988 while engaging in fraudulent practices. He escaped from prison in April 1989, only to be recaptured seven days later. The Shenzhen City Intermediate People's Court and the Guangdong Provincial Higher People's Court sentenced Liu Jianyi to death and deprived him of political rights for life on the combined charges of graft and escape from prison.

Luo Rulong, now aged 27, embezzled more than 380,000 Hong Kong dollars from November 1991 to October 1992 by withdrawing public funds from the Macao International Bank with a fake signature of the company's leading official and by not crediting collected funds to the company's account. He used the money for gambling. Again taking advantage of his position on 12 June 1992, he filled in a blank check bearing the company manager's signature left with him for business purposes, and using a blank receipt from the Macao Yaoxing Construction Company, made the check payable to that company ostensibly to cover engineering fees totaling HK\$310,000. After balancing the account, he transferred the money to his private account in Macao and withdrew all the money for gambling purposes. The Guangdong City Intermediate People's Court and the Guangdong Provincial Higher People's Court sentenced him to death and deprived him of political rights for life on the combined charges of graft and embezzlement.

A responsible person at the Supreme People's Court said: By abusing their offices to commit the crimes of graft and embezzlement, employees in state-owned or collectively owned economic organizations have seriously hurt state and collective interests, and have disrupted and undermined the normal development of the socialist market economy. We must deal a stern blow to such

crimes in accordance with the law. As the cases in question show, these crimes, which involve the use of not-so-judicious means, have occurred from time to time in some areas or units, with the perpetrators having their ways in most of the cases. This is mainly because the leaders of some enterprises or competent departments have afforded criminals opportunities through their failure to show due vigilance, their lax control, and their failure to observe laws and regulations, exercise supervision, and conduct inspections. The responsible persons of enterprises or other economic organizations should take these problems seriously.

Further on Executions

OW2807142394 Beijing XINHUA in English 1411 GMT 28 Jul 94

[Text] Guangzhou, July 28 (XINHUA)—Three company employees from Fujian and Guangdong Provinces were executed today for embezzling large sums of funds, according to the order of the Supreme People's Court of China.

Zhang Jianping, 36 years old, had worked with China (Fujian) Foreign Trade Central Group. At the end of 1991, Zhang conspired with a Hong Kong businessman to apply to set up an overseas-funded venture in the name of the latter.

Later, with his advantageous position in the company, Zhang embezzled funds totaling more than 2.74 million U.S. dollars and 640,000 yuan (about 74,400 U.S. dollars) and diverted another 170,000 U.S. dollars with fake invoices.

Liu Jianyi, 39 years old, had worked in the Shenzhen East Development Group Company, in south China's Guangdong Province. He collected more than 1.43 million yuan in down payments from three other companies for purchasing corn between January and April in 1987 but refused to supply the goods. He then illegally withdrew 1.28 million yuan into his own possession.

Luo Rulong, 27 years old, had been an accountant with the Guangdong Ceramic Company. During a work stay in Macao, he duped the Macao International Bank out of 690,000 Hong Kong dollars by counterfeiting signatures of company leaders. He embezzled the money in order to feed his lust for gambling.

Culture Ministry Restricts Hong Kong, Taiwan Performers

HK2807145294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1112 GMT 30 Jun 94

[Text] Beijing, 30 Jun (ZHONGGUO TONGXUN SHE)—A relevant person from the Ministry of Culture disclosed the other day that the Ministry of Culture will not open up the mainland concert market to Hong Kong and Taiwan singers in the near future with the exception of Guangdong, Fujian, and Hainan, because the three

provinces have the right to conduct examinations and grant approval independently and are not required to report to the Ministry of Culture. Moreover, the person denied reports by some Hong Kong and Taiwan papers and magazines that new management regulations will soon be introduced for Hong Kong and Taiwan singers giving shows on the mainland.

It is learned that since last November, Hong Kong and Taiwan singers are no longer seen on stages in Beijing and other big mainland cities. Departments concerned under the Ministry of Culture in charge of the examination and approval of shows given by Hong Kong and Taiwan singers stated that no applications lodged by any unit for Hong Kong and Taiwan singers had been received. This implies that, under normal circumstances, it will be impossible for any forms of performance, including charity shows and commercial shows, to be given by Hong Kong and Taiwan singers in Beijing and other big cities on the mainland in the near future.

Forum on Spiritual Civilization in Rural Areas

HK2807151294 Beijing RENMIN RIBAO in Chinese 25 Jul 94 p 1

[By staff reporter Zheng Hongfan (6774 1347 5400): "National Forum on Fostering Spiritual Civilization in Rural Areas Urges Actively Guiding Peasants To Enter Market and Advance Toward Small-Scale Prosperity"]

[Text] Linzhou, 24 Jul (RENMIN RIBAO)—The National Forum on Fostering Spiritual Civilization in Rural Areas was held 21-24 July in Linzhou, Henan, where the Red Banner Canal is located.

The forum was called jointly by the Propaganda Department of the CPC Central Committee and the General Office of the State Council. It was an important meeting to specifically study fostering spiritual civilization in rural areas in the new period. The major tasks of the forum were, under the guidance of Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line: To further implement the spirit of the National Propaganda and Ideology Conference and that of the Central Rural Work Conference; sum up and exchange experiences of fostering spiritual civilization in rural areas in recent years; study ways of strengthening spiritual civilization in rural areas in the course of establishing a socialist market economy structure; put forward the major tasks for a period to come; guarantee and promote the reform, development, and stability of rural areas; and promote the overall progress of society.

Liu Yunshan, deputy head of the central Propaganda Department, and Liu Jimin, deputy secretary general of the State Council, spoke at the forum.

The forum held that strengthening spiritual civilization in rural areas is a very important strategic task in the party's rural work, and that it is needed to safeguard the party's work as a whole and to achieve the strategic goals,

and is an important guarantee for maintaining the stability of rural areas and the whole country. At present, China is in a critical period in which a socialist market economy structure is being established. We must, through strengthening spiritual civilization in rural areas and strengthening ideological education, guide the initiative and creativity of vast numbers of rural cadres and the masses so that they really will implement the spirit of the 14th National CPC Congress and that of two Central Rural Work Conferences, thus offering the spiritual drive, intellectual support, and ideological guarantee for further deepening rural reform, promoting agricultural development, increasing peasants' income, and achieving the stability of rural society.

The forum stressed that the fostering of spiritual civilization in rural areas should proceed closely around the development of the market economy and guiding peasants to advance toward small-scale prosperity. Guiding peasants to advance toward small-scale prosperity is both the general objective of the party in rural work for the 1990's and is in the fundamental interests of vast numbers of peasants. The fostering of spiritual civilization in rural areas must unswervingly serve economic development, reform and opening up, and the drive to advance toward small-scale prosperity. This thought must never be shaken at any time. Using Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics to guide peasants toward the market and toward small-scale prosperity is the most important and long-term strategic task of fostering spiritual civilization in rural areas. Moreover, in strengthening spiritual civilization in rural areas, it is also necessary to pay attention to guiding peasants to grasp a knowledge of culture and technology and a knowledge of the market economy. It is now necessary to pay good attention to the following jobs: First, pay good attention to culture and education and to eliminating illiteracy. Second, pay good attention to propaganda and education concerning knowledge of the market economy. Third, pay good attention to spreading science and technology among the people, thus training vast numbers of useful people for rural development. In fostering spiritual civilization in rural areas, it is also necessary to pay attention to guiding peasants to foster new civilized practices.

The forum pointed out that in order to quicken the pace of peasants' advance toward small-scale prosperity, it is necessary to vigorously carry forward the pioneering spirit of the new period. What is most fundamental to fostering socialist spiritual civilization is to pay good attention to spiritual pursuits. China is now in the beginning period of socialist modernization and badly needs the spirit of arduously pioneering a cause, as advocated by the older generation of proletarian revolutionaries such as Mao Zedong and Deng Xiaoping, and badly needs the 64-character pioneering spirit put forward by Comrade Jiang Zemin. It is necessary to use this spirit to encourage people, mold and educate them; bring into play their initiative, active drive, and creativity; and quicken the pace of their advance toward small-scale

prosperity. Participating comrades maintained that the spirit of Linzhou is the vivid embodiment of the spirit of the new period as advocated by Jiang Zemin, that Linzhou's experience is of universal significance, and that its practice not only offers an experience for the central and western regions, but also serves as an important revelation for coastal developed regions.

Comrades in charge of the party propaganda departments and government general offices of all provinces, autonomous regions, and municipalities; the rural work committees of Beijing, Tianjin, and Shanghai; and the Xinjiang Construction Corps participated in the forum.

Commentator's Article on Rural Spiritual Civilization

HK2807151594 Beijing RENMIN RIBAO in Chinese 25 Jul 94 p 1

[Commentator's article: "Learning Linzhou's Good Experiences"]

[Text] The National Forum on Fostering Spiritual Civilization in Rural Areas ended in Linzhou, Henan yesterday. The forum played a very important role in further strengthening socialist spiritual civilization in rural areas; promoting and guaranteeing the reform, development, and stability of vast numbers of rural areas in China; and driving the overall progress of rural society. All localities should vigorously implement the spirit of the forum and make great efforts to carry out the various tasks put forward there.

Since the reform and opening up, tremendous changes have occurred in China's rural areas. As the economy is developing and living standards are improving, the spiritual outlook of vast numbers of peasants also is increasingly changing. Very great developments have been made in rural science and technology and culture. Campaigns to set up civilized villages, units, and households are brisk. Emancipating the mind and transforming old concepts have become what vast numbers of peasants are fervently after. In the course of developing a socialist market economy, numerous new things are appearing in rural areas. Of course, owing to the long-term influence of the idea of the small-scale peasant economy and that of the old structure, and because education is not yet available to everyone in the rural areas, some salient problems still exist in some rural areas in their drive to foster spiritual civilization, such as their comparatively bad public order, comparatively serious bad practices, feudal superstitions, and manufacturing and selling shoddy and fake commodities. These phenomena have corrupted the general mood of society and are hindering the reform and opening up and the modernization of rural areas. They are also what vast numbers of peasants are discontent with. We must be really concerned about what really concerns peasants, think of what they think about, and rely on and organize vast numbers of peasants to vigorously strengthen spiritual civilization in rural areas, thus creating a good social environment for

vast numbers of rural areas to achieve the second-step strategic goal of advancing toward small-scale prosperity.

In the work of strengthening spiritual civilization in rural areas, Henan's Linzhou city has created many good experiences, which can be roughly summed up in the following aspects: First, they are unswervingly proceeding on the path of reform and opening up. The very reason Linzhou, the model, can continuously bring forward splendor of the times is that the people of Linzhou have closely caught up with the pace of reform and opening up under the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line. They were sooner than others in breaking through the hinterland concept and using their talent on the domestic and overseas markets so that vast numbers of peasants can continuously change their way of thinking and acquire skills in practicing the market economy. Second, they carry forward the spirit of arduously pioneering a cause, bearing deeply in mind the objective of advancing toward small-scale prosperity. The people of Linzhou, noted throughout the country for building the Red Banner Canal, have retained and carried forward the spirit of arduous struggle for decades. Under the new situation, bearing closely in mind the theme of eliminating poverty and advancing toward small-scale prosperity, the party organization of Linzhou city has closely integrated the pioneering of a cause with the interests of peasants. It has succeeded in eliminating poverty and has stepped onto the path toward prosperity through arduously pioneering a cause. In this way, it has really united the peasants and brought their initiative and creativity into play. Third, they always uphold two types of work simultaneously. Over the years, the party and government leaders of Linzhou city have always attached great importance to spiritual civilization without slackening in effort. Through a variety of means, including ideological education and the guidance of practice, they have continuously consolidated the concept of a cause and updated the undertakings to be pioneered, enabling the people of Linzhou always to retain the ambition for advancement and the drive for progress. Fourth, their leaders are capable and their party members take the lead. This is a reliable guarantee for the spirit of Linzhou to be carried far and near. The exemplary role of leading cadres and the fighting-bastion role of basic-level party organizations, especially the party branches in rural areas, are crucial to the work of fostering spiritual civilization in rural areas. Linzhou city has done very well in this area, a notable achievement.

Rural areas constitute the major part of China. Under the new situation of developing the socialist market economy, making plans in light of local conditions and conscientiously and effectively strengthening socialist spiritual civilization in rural areas are of great significance in carrying out the work of the entire party and the whole country. The experiences of Linzhou city and

some other developed areas are worth using for reference. China's rural areas cover a vast territory and have different conditions. All localities can explore new ideas and sum up new experiences in light of their own actual situations. As long as party organizations and governments at all levels, especially party and government leaders at the county and township levels, really consider this job important, strengthen leadership and research, formulate plans, pay good attention to implementing the plans, and conduct rigorous examinations, we surely will be able to bring the work of fostering spiritual civilization in rural areas to a new height.

Science & Technology

Chinese Managers Receive Training at AT&T *OW2607224394 Beijing XINHUA in English 2132 GMT 26 Jul 94*

[Text] New York, July 26 (XINHUA)—A group of Chinese students, who are mid-to-senior level telecommunications managers, are learning modern telecommunications business at AT&T.

The program, which stemmed from last year's signing of an agreement between AT&T and the Chinese State Planning Council establishing a long-term partnership, concentrates on the theories, concepts and processes of operating a modern telecommunications business in a market economy.

According to the company today, a portion of the classroom experience will be conducted at Bell Laboratories, where the students will have the opportunity to experience hands-on demonstrations of the latest developments in the areas of visual communications, voice processing, networked computing and wireless and messaging technologies.

In addition to offering the training program, AT&T will continue to partner with China on other management and technical training programs, said AT&T, adding that both parties will continue to explore the remaining potential areas of cooperation outlined in last year's memorandum of understanding signed between the two sides.

AT&T's current activities in China include the manufacture and marketing of telecommunications switching, transmission and fiber cable, wireless systems and data networking systems.

Remote Sensing Technology Used in Flood Control

*OW2907101494 Beijing XINHUA in English 0905
GMT 29 Jul 94*

[Text] Beijing, July 29 (XINHUA)—A remote-sensing simultaneous processing system specially designed and built by Chinese scientists for disaster monitoring has

been put to use in this year's flood control efforts, the State Science and Technology Commission announced here today.

On Thursday, a plane carrying the system flew missions over the Wuzhou, Fengkai, Deqing and Zhaoqing areas in southern China's Guangdong Province and Guangxi Zhuang Autonomous Region, which were hit by downpours again this week following last month's flooding. This was the first time that the system was put to use.

The data gathered will be supplied to the central headquarters for flood control and local governments to facilitate decision-making.

The system "is the world's most sophisticated means for disaster monitoring, able to work day or night and in all weather, and automatically transmits data to ground stations for simultaneous display and processing while pinpointing threatened sites at any particular moment."

Development of the system is a key project in the national plan for high-tech progress for the 1991-1995 period. The project was jointly implemented by the Science and Technology Commission, the Ministry of Water Resources and the Chinese Academy of Sciences.

State Promoting New Method for Treating Kidney Stones

*OW2907073194 Beijing XINHUA in English 0655
GMT 29 Jul 94*

[Text] Beijing, July 29 (XINHUA)—A new method for treating kidney, biliary and renal duct stones is being promoted in China. Based on the traditional theory of acupuncture and modern electro-biology, it is said to be more effective than conventional methods.

Moreover, said an official at the State Administration of Traditional Chinese Medicine, the cost of treatment is affordable for low-income people. "We encourage the use of the method in the countryside," said Zhang Xiangyong, head of a department.

The "tui an meridian instrument" is now used in 2,400 hospitals and clinics throughout the country. The cure rates average 80 percent for renal and ureteral stones and 30 percent for kidney and biliary stones, said Zhang, quoting clinical reports from 200 hospitals.

The doctor uses electric signals generated by the instrument to stimulate the appropriate acupuncture points to cause contraction of the organs containing the stones. The contraction becomes strong enough to "edge out" all or some stones as this process is repeated, he explained.

In the case of biliary stones, said the official, the bile output per unit time may increase by up to 13 times—a flow powerful enough to reject stones, said Zhang Xiangyong, a department head at the administration.

Zhang said that the method has been proved effective on more than 90 percent of the patients treated. It has cured

98 percent of cholecystitis patients it has been tried on, and the cure rates are 45 percent for intra-hepatic duct stones and 75 percent for outer-hepatic duct stones.

"In most cases, patients have about ten treatments with the instrument," he said. "For each visit, they pay about ten yuan (8.6 yuan equals one U.S. dollar)."

About ten percent of the Chinese people suffer from kidney, biliary or renal stones—or more than 100 million people.

The administration in 1988 decided to promote use of the instrument, developed by engineer Guo Daoyi of an automation control center in Beijing. The following year it won a state award for scientific progress.

With help from the administration, local governments have trained "thousands of doctors" in the use of the instrument, Zhang said.

Military

Luo Gan Speaks on Double Support Activities

OW2707133794 Beijing XINHUA Domestic Service in Chinese 1145 GMT 12 Jul 94

[By RENMIN RIBAO reporter Chen Weiwei (7115 4850 0251) and XINHUA reporter Luo Yuwen (5012 3768 2429)]

[Text] Beijing, 12 Jun (XINHUA)—It was learned from the Seventh Plenary Meeting of the National Leading Group for Double Support Work [the work of supporting the Army and giving preferential treatment to families of revolutionary soldiers and martyrs and of supporting the government and cherishing the people] that with the approval of the party Central Committee, the State Council and the Central Military Commission, a national meeting on naming model cities (counties) in double support work will be held in Beijing in the later part of July to name and commend a number of national model cities (counties) in carrying out double support work.

The meeting of the leading group studied related questions concerning the national meeting on naming model cities (counties) in double support work, and called for further whipping up the enthusiasm of the broad masses of soldiers and people to promote the double support work under the new situation, strengthen unity between the Army and government and between the Army and the people, consolidate and develop the new type of relations between the Army and government and between the Army and the people in sharing weal and woe with hearts linked to hearts, and make new contributions to promoting reform, development, and stability and the building of the People's Army.

Luo Gan, state councillor and secretary general of the State Council and also head of the National Leading Group for Double Support Work, spoke at the meeting.

He said: Since the beginning of this year, under the guidance of the theory of building socialism with Chinese characteristics, various locales and military units have seriously implemented the instructions of the party Central Committee, the State Council, and the Central Military Commission on doing a good job in double support work under the new situation and the guidelines of the Yanan Conference and the Sixth Plenary Meeting of the National Leading Group for Double Support Work, adapted themselves to the new situation of developing a socialist market economy, and emphasized education on national defense with stress on patriotism and on having the double support work serve the overall situation. Party committees and governments at various levels and people in various locales have included their support to the reform and building of military units into their overall economic and social development plans, and have enthusiastically helped military units solve various actual problems while accelerating economic development. Various military units of the whole Army have also consciously served the overall situation, and have actively plunged themselves into the work of economic construction and taken part in the construction of key projects and large-scale public works while accomplishing their tasks of training and preparations against war. In particular, when there were serious floods and water-logging in various provinces and regions in southern and eastern China this year, military units there worked hard to rescue people despite danger and won widespread praises from the people.

Touching on the activities of establishing more model cities (counties) in carrying out double support work, Luo Gan said: Units which have been named as models should check against the six criteria for model cities of double support activities to find out their weak links, constantly expand their scope of work with high standards, and strive to win a nomination for another time. Those cities and counties which are striving to do a good job in carrying out double support work should find out their shortcomings by comparing themselves with advanced units, constantly make improvements, have a clear understanding, set a higher standard, adopt effective measures and work hard to join the ranks of model cities (counties) at an earlier date.

On the question of arrangements for double support work in the second half of this year, Luo Gan stressed the need to transmit and firmly implement the guidelines of the national meeting on naming model cities (counties) in double support work, effectively strengthen investigation and study, sum up experiences of advanced typical examples, properly handle relations between the Army and the people, maintain purity [chun jie xing 4783 3381 1840] of relations between the Army and the people, and conscientiously do a good job in summing up this year's work.

Military To Improve Basic Amenities for Hardship Posts

OW2807141294 Beijing XINHUA Domestic Service in Chinese 1019 GMT 25 Jul 94

[By correspondent Wang Yihua (3769 5030 5478) and reporter Zhang Dongbo (1728 2639 3134)]

[Text] Beijing, 25 Jul (XINHUA)—It has been learned from the all-Army report-back meeting on grass-roots logistics work in hardship areas that the Central Military Commission [CMC] has decided that, beginning this year, the general headquarters and the various major People's Liberation Army [PLA] units will raise some money to systematically improve the basic amenities for troops stationed in remote, hardship areas in three to five years.

The CMC and general headquarters have always paid close attention to such amenities as housing and water and electricity supply that have a direct bearing on the conditions of livelihood and survival of officers and men. The CMC leadership has repeatedly emphasized that we must be concerned with the well-being of the grass-roots officers and men and earnestly solve the special difficulties troops stationed in remote, hardship areas have to face. Since last year, the general headquarters and the various major PLA units have sent relevant cadres and technical personnel to high mountains, islands, plateaus, prairies, and the Gobi Desert to conduct research and offer services. The missions were rarely seen in recent years in terms of their scale and the number of problems they solved. Based on results of extensive research and investigations, the CMC decided to systematically improve the basic amenities for troops stationed in remote, hardship areas. It urged leadership organs at all levels to favor troops in hardship areas in fund appropriation, logistics supply, financial subsidies, technical service, and assistance for agricultural production.

The meeting studied plans for implementing the CMC's decision. The General Logistics Department urged all levels to proceed from the reality of troops in hardship areas and adopt an overall plan based on ample research and investigation to systematically improve the situation. Army, naval, and air force representatives from hardship posts in the border defense areas, islands, and Gobi Desert noted at the meeting that they would live up to the expectations of the CMC and the general headquarters by making the most efficient use of the funds, do a good job in building, using, and managing the planned projects, and provide the most efficient logistics support.

Economic & Agricultural

10 Billion Yuan Provided To Reduce Peasants' Burdens

HK2907090894 Beijing ZHONGGUO XINWEN
SHE in English 1422 GMT 28 Jul 94

[Text] Beijing, July (CNS)—The central authorities and local governments at various levels reduced burdens on peasants as well as cut down charges imposed on them in 1993. Peasants in the country were relieved of over RMB [renminbi] 10.3 billion or per capita 11.6 yuan, according to the Vice-Minister of Agriculture Mr. Wan Baorui.

The vice-minister made known the figure at a press conference jointly held by the Ministry of Agriculture, the Ministry of Supervision, the Ministry of Finance, the State Planning Commission and the Bureau of Legislative Affairs under the State Council.

The central government adopted a number of measures last year to alleviate peasants from a heavy burden, a move to curb the increasing burden year by year on peasants.

Mr. Wan said that burdens beyond the contracted responsibilities on peasants tended to reduce obviously last year while those included in contracts showed a slight decline. Charges imposed on peasants for village and township fund was put at 32.4 yuan per person, accounting for 4.68 per cent of per capita net income in rural area last year. Obligatory duty and labour work were accumulated to a total of 18.8 working days per person. Money paid by peasants to make up the working days dropped by 20 per cent over the year before.

Burden relief for peasants was listed as part of the scheme of legalization in the country by the central government. Mr. Wan said that 11 standing committees of provincial, regional and municipal People's Congresses as well as 20 provincial, regional and municipal governments promulgated local laws and regulations to relieve heavy loads shouldered by peasants following the issuance of relevant regulations by the general offices of the State Council and the Central Committee of the Communist Party of China last year. Some provinces even worked out regulations on punishments for making burden on peasants heavier.

Mr. Wan expressed that China would this year select 100 counties and cities as models in lightening burdens on peasants in order to obtain experiences in controlling burden on peasants according to laws and seek a fundamental way for easing burden on peasants as well as keep abreast of conditions of peasants' agricultural production, other businesses as well as their income and burden on them.

Prospects for China's Bankruptcy System Viewed

HK2807132894 Beijing LIAOWANG in Chinese
No 28, 11 Jul 94 pp 6-8

[Article by staff reporters Lin Chen (2651 2525) and Wang Xiaoguang (3769 2556 0342): "Only by Eliminating the Inferior Will the Superior Triumph; Bankruptcy of the Inferior Is Inevitable"]

[Text] Invigorating state-owned enterprises has always been one of the major issues in economic structural reform. Long practice has made people realize that in order to solve the problem of state-owned enterprises operating at a loss, on the one hand, one must give a hand to those enterprises that are indeed salvagable, even if they are producing only a single marketable product; on the other hand, one must make up one's mind to allow those enterprises to go bankrupt that are

indeed hopeless because their products are totally unmarketable, their overstocks and losses will continue to increase if they continue to operate, and the value of their assets likely is not enough to pay off their debts. An important feature of the transformation of enterprise operational mechanisms is to establish a mechanism by which only the fittest will survive. We cannot maintain the bare existence of hopeless enterprises at the great expense of efficiency and returns.

Although the practice of bankruptcy has just been introduced into China, so far very few bankruptcy cases have taken place in the country, and many improvements have yet to be made. Yet it is obvious to all that bankruptcy has miraculous effects in promoting competition on the market, optimizing the production structure, and settling debt relations. More and more people have realized that the early establishment and perfection of the enterprise bankruptcy system is an important condition for reinvigorating state-owned enterprises in China.

The State Economic and Trade Commission has selected 18 cities in the country to initiate pilot projects with a view to optimizing capital structure and invigorating enterprises. The practice of bankruptcy is a major part of this type of pilot project. It has been disclosed that different localities (including those cities selected to run the pilot projects) so far have nominated to the department concerned a total of 156 enterprises as candidates for bankruptcy.

After some twists and turns, establishing and perfecting the bankruptcy system now has been placed on the agenda of economic structural reform again. It is time for us to put an end to the situation in which those state-owned enterprises which should be maintained cannot survive and those which should be closed down are not terminated.

The Issue of Bankruptcy Is Raised Again

The Shenyang anti-explosion device factory's declaration of bankruptcy on 4 March 1987, only three months after the promulgation of the PRC Enterprise Bankruptcy Law (for trial implementation), set a precedent for enterprise bankruptcy in new China. At that time, the event not only caused a great shock within Chinese business circles, but also widely drew the attention of the mass media around the world. Public opinion in some developed market economies believed that the introduction of the bankruptcy law in China signified another solid step taken by the country in adapting its legal system to international common practices of the market economy.

In fact, this was a rather difficult a step to take. Although the number of enterprises declaring bankruptcy in the country had exceeded 1,000 by the end of 1993, the vast majority of these were small collective-run or town and township enterprises, and the bankruptcy practice was

on a trial basis. Only one-tenth of the enterprises declaring bankruptcy were state-owned.

Was it that state-owned enterprises were running very well and therefore did not need to declare bankruptcy? No, it was not. The issue of state-owned enterprises running at a loss has always been a major issue seriously hindering economic development. Indeed, quite a number of state-owned enterprises operating at a loss have landed in dire straits, being on the verge of doom, with their assets falling short of their debts.

However, if we let these state-owned enterprises go bankrupt, then we will face a series of problems which can hardly be solved by the bankruptcy law alone.

The bankruptcy of the Chongqing general knitwear plant is the biggest enterprise bankruptcy case in China so far. Although this plant, after declaring bankruptcy, was acquired by a foreign businessman and then managed promptly to turn deficits into profits, it was recommended as a typical case to illustrate "change of operational mechanism as a turning point for decline or prosperity." Until now, the debts left over by the former plant before bankruptcy have not been completely paid back yet. This plant, as a state-owned enterprise in the past, had secured loans with its superior department, the textile bureau, as its guarantor. After declaring bankruptcy, the biggest creditor (who is entitled to claim repayment of 30 million yuan in debts) came to ask for repayment of debts. The claimant took legal action to have the textile bureau sealed up and the official in charge detained, simply because the "guarantor" had failed to pay even a penny to cover the debts...

There are many similar problems, for instance: The resettlement of staff and workers, pensions for retired personnel, and so on. Even which property should be counted as the assets of a state-owned enterprise and which should not, when the enterprise declares bankruptcy, can be a very difficult question to answer.

Now that many supporting macroeconomic reforms have not been introduced, there is no doubt that the experiment to introduce the bankruptcy practice among state-owned enterprises cannot but be suspended for a while. So those hopeless state-owned enterprises operating at a loss are allowed to continue to rely on the state's financial support, surviving on "blood transfusions," or to be precise, on loans from banks. However, since enterprises themselves do not have the "blood-generating" ability, "blood transfusions" can only enable them to linger in a steadily worsening condition. This being the case, the state is forced to fill the "black hole" with funds, which always run short. What is more, it is hard to reallocate assets in stock, thus the optimized allocation of resources and the adjustment of the production structure and product mix become idle talk.

Survival of the fittest is the principle for market competition. If the superior enterprises are not to be rewarded

and the inferior ones are not to be squeezed out, then it will be difficult indeed to reinvigorate state-owned enterprises.

Since the Third Plenary Session of the 14th CPC Central Committee, the goal of establishing a socialist market economy has been set, the blueprint of the modern enterprise system has been drawn up, the reforms of the banking structure and of the financial and taxation structure have been initiated, and a social security system with the aim of assuring future subsistence for staff and workers gradually is being established. The progress of a series of macroeconomic reforms has made it possible and has paved the way for state-owned enterprises to introduce a real bankruptcy mechanism.

Last year, after having read a report analyzing the case of poor economic returns for state-owned enterprises, Wang Hanbin, vice chairman of the Standing Committee of the National People's Congress, wrote to Zhu Rongji, vice premier of the State Council. In the letter, he suggested that the Bankruptcy Law be enforced strictly and that a study be conducted to discover the factors hindering the implementation of the Bankruptcy Law. Vice Premier Zhu promptly made remarks in response to the letter, then forwarded it to the departments concerned, including the State Economic and Trade Commission and the State Commission for Restructuring the Economic System.

So, in September 1993, the Enterprise Department of the State Economic and Trade Commission and the Bureau of Legislative Affairs under the State Council, in cooperation with the Beijing Siyuan Merger and Bankruptcy Affairs Consulting Service Agency, jointly set up an investigating group to visit Liaoning, Hubei, Jiangxi, and Sichuan. The investigating group studied the cases of those enterprises running at a loss, the difficulties that need to be solved in introducing the practice of bankruptcy, and policies and measures to solve these problems. An investigation report was written.

Soon after that, the relevant personnel from 10 organs—the State Economic and Trade Commission, the State Planning Commission, the Ministry of Finance, the People's Bank of China, the State Auditing Administration, the National Administration of State Property, the Bureau of Legislative Affairs under the State Council, the Ministry of Labor, the Supreme People's Court, and the All-China Federation of Trade Unions—discussed and studied the issues revealed by the investigation report, and submitted the report to Comrade Zhu Rongji, together with the conclusions they had drawn from their discussions. After reading the report and conclusions, Comrade Zhu Rongji immediately made his comment: Have the report printed and circulated among the departments concerned for discussion, and then have a proposal for its implementation drawn up as soon as possible.

The departments concerned studied the report and considered the need for coordination with other reforms

that had already been initiated or were about to be introduced. As an initial action, they selected 16 cities to start pilot projects for optimizing the capital structure and invigorating enterprises (two more cities, Chongqing and Harbin, were added to the list later), and the bankruptcy practice was made a main part of the pilot projects.

In January 1994, the State Economic and Trade Commission and the Beijing Siyuan Merger and Bankruptcy Affairs Consulting Service Agency again formed a special group in charge of bankruptcy affairs to conduct investigations in Shanghai, Guangdong, and Shenzhen.

Based on the findings of the two surveys, the first draft of "Certain Provisions on the Bankruptcy of Enterprises" was drawn up between April and May 1994. Then a symposium on bankruptcy, sponsored by the State Economic and Trade Commission, was held in Chongqing 8-10 June, in which the 18 cities that had been selected to conduct pilot projects and all the state organs concerned participated to discuss the "Provisions" in detail.

According to the provisions' drafters, the seventh draft of the provisions has now been submitted to the department concerned under the State Council for further study and revision before being promulgated by the State Council.

Meanwhile, preparations have been started for launching the pilot projects.

It Is Hoped That the Many Knotty Problems Will Be Solved

If the first group of state-owned enterprises to go bankrupt were meant to be a trial, then we can say that in the wake of the constant development of the reform and opening up in depth, a way now has been found to do away with those state-owned enterprises that have proved unfit.

In the past, we could hardly let state-owned enterprises go bankrupt. This was, first of all, because they would hardly be able to repay their debts to banks. Most state-owned enterprises have been developing with loans granted by state banks, and those enterprises on the verge of bankruptcy undoubtedly are heavily in debt. Now if they are to declare bankruptcy, it will imply that the banks have no hope of recovering the debts. To be sure, the banks are not likely to recover the debts, even if the enterprises do not declare bankruptcy, but the bad debts will remain as account records, and state banks simply have no funds to write off uncollectible accounts. That is one of the reasons why the assets-liabilities ratio of state-owned enterprises in China remains high. Logically speaking, the bank should retain a certain proportion of the granted loans as a reserve for writing off possibly uncollectible accounts. As a common practice abroad, this proportion is generally kept at 10 per thousand or more of the bank's annual loan balance. In our country, however, this proportion is maintained at a

mere one per thousand. In the wake of the constant, in-depth development of banking reform over the past few years, the goal of commercialization of banks has been put forward. This implies that from now on banks will have to take the risks arising from the extension of loans, and therefore raise the reserve ratio for uncollectible accounts accordingly.

Thus the establishment of a bankruptcy mechanism for state-owned enterprises becomes a natural development alongside banking reform, but this cannot be accomplished overnight. Therefore, in support of the bankruptcy pilot projects among enterprises, the state has decided to set aside 7 billion yuan as a debt repayment reserve fund. Therefore, the debts in arrears owed by those state-owned enterprises to declare bankruptcy can be written off by banks according to the relevant regulations.

Interwoven debt security and mortgage relations were another major problem that made it difficult to introduce a bankruptcy law among state-owned enterprises in the past. Many enterprises secured loans with a government organ as the guarantor or with a third-party enterprise designated by the government organ concerned as the guarantor. However, as a legal person in public law, the government is not to undertake any civil responsibilities. Since the mortgagee has the preference to claim indemnity according to the Bankruptcy Law, some banks have raised the value required of mortgage, thus encouraging behaviors that may infringe on other creditors and forcing enterprises to remortgage their properties. The solution now proposed is that no government organ will be accepted as a valid guarantor, any legal person acting as a guarantor will have to undertake some joint and several liabilities, and mortgagees will receive lump-sum indemnities in order of priority.

Our past experience in the practice of bankruptcy shows that one very knotty problem is the resettlement of the staff and workers of bankrupt enterprises. This is a big problem that raises the question of whether or not reform will affect social stability. It is because of this consideration that local governments and enterprises always flinch from letting state-owned enterprises go bankrupt, even though they are qualified to declare bankruptcy.

To solve this knotty problem, we must work along two lines. On the one hand, the state must consider the option of first spending the income gained from liquidation of the bankrupt enterprises on resettling the enterprise's staff and workers, and then using the remainder to pay off debts to the bank. Specifically, the order of priority for repayment of indemnity after bankruptcy is as follows: Wages for workers, labor insurance expenses, state taxes, and payment to creditors. The cities of Shenzhen and Shenyang have introduced a still more thorough solution in their pilot bankruptcy projects: renunciation of the management-labor relationship

between the state and the staff and workers by a lump-sum compensation package, and the compensatory payment for each staff member or worker ranges between 15,000 and 25,000 yuan. This is a more thorough solution. After all, however, the state has limited resources, and most localities do not have so much money. Dr. Li Shuguang, deputy director of the Beijing Siyuan Enterprise Bankruptcy and Merger Consulting Service Agency, believed that the funds could be secured from land resources. The state-owned land that was allocated to bankrupt enterprises is not counted as an enterprise asset and will be recovered by the state. It then be leased out again, and the income obtained therefrom will be used to finance, on a priority basis, the one-time staff and workers resettlement program.

On the other hand, it is necessary to speed up the establishment of an entire social security system. A source from the Ministry of Labor disclosed that the social security reform will be speeded up soon, and the focal points and targets for the present phase are:

- Old age pension: Efforts will be made to ensure that by the end of this year, the old age pension service at state-owned enterprises in most provinces and autonomous regions in this country will be placed under provincial centralized management, and the service at collective-run enterprises in urban areas will be placed under county-level centralized management. The system will be further consolidated by which individual staff members and workers are to pay for a portion of the basic pension premium, and a mechanism will be developed so that the old age pension will be linked with premium payment, and the amount of pension premium will be adjusted according to the average wage increase.
- Unemployment insurance: The unemployment insurance fund, which currently covers a population of 70 million, will be expanded to cover a population of 90 million, the fund management procedures will be improved, and a unified unemployment insurance system will be gradually developed.
- Medical insurance: A mechanism will be established whereby all three parties will make contributions. By the end of next year, a total of 800 cities and counties will be selected to launch pilot projects to run on a trial basis the practice of integrating centralized management of major medical care services and the individual medical expense account system, and a socialized, centralized medical care fund system for retired staff and workers will be introduced and incorporated into social security service.

The Establishment of a Bankruptcy System: An Arduous Task To Undertake and a Long Way To Go

The establishment of a bankruptcy system has to be supported by a series of macroeconomic reforms that will pave the way for the bankruptcy system to be introduced into state-owned enterprises. However, a

number of problems have yet to be resolved before the bankruptcy system is practiced.

The ambiguity of property rights relations can cause some trouble in defining asset composition and in assessing the value of the assets of a bankrupt enterprise. For instance, after an enterprise declares bankruptcy, should the land occupied by that enterprise be counted as assets to be liquidated? Enterprises running "social services" are common among state-owned enterprises. Once an enterprise goes bankrupt, will the businesses related to such "social functions" be counted as a part of its assets? How about subsidiaries of the enterprise which are operated with funds raised among its staff and workers? As far as asset assessment is concerned, how will intangible assets be evaluated?

A bankrupt enterprise can pay off its debts only after selling off its assets. Usually, however, it is difficult for an enterprise running at a loss to liquidate its assets, let alone a bankrupt enterprise. In other words, although the "passing-the-ball mechanism" is established, the "catching-the-ball mechanism" is not ready yet. Since the auction system does not work, the operation to liquidate a bankrupt enterprise inevitably will be impeded. On the other hand, out of the consideration of local interests, those parties that are close to the bankrupt enterprise will be able to take advantage of their ties to acquire the assets on more favorable terms, be it acquisition through auction or acquisition by agreement. Thus other creditors' rights and interests will be infringed upon. All these problems need to be studied further and resolved.

No matter how, the establishment of the bankruptcy system has become a must. All the problems will be solved one after another in the wake of the in-depth development of reform, just like the many problems that have been solved already. An important point is that people now have reached a common understanding among them: Bankruptcy is nothing to be afraid of; it is a normal process of metabolism in the growth of economic cells. The proportion of bankrupt enterprises overseas accounts for about 1 percent of all enterprises. Last year saw 70,000 to 80,000 incorporated enterprises declaring bankruptcy in both Japan and the United States, whereas in China only one per 10,000 of the existing enterprises have declared bankruptcy.

In letting a small number of enterprises declare bankruptcy, we want to enable other enterprises to run better. The establishment of the bankruptcy system also will urge entrepreneurs to improve management. They can no longer rely on the old practice of eating out of the same big pot, while the state will not use any more of its limited funds to subsidize those enterprises that promise no returns at all, but suffer tremendous losses. Therefore, the establishment of the bankruptcy system certainly will serve as an important motive force in reinvigorating state-owned enterprises. In this sense, we may say that only by eliminating the inferior will the superior triumph.

Bridging Role of Industrial Associations Develops

HK2807142194 Beijing XINHUA Domestic Service
in Chinese 0846 GMT 23 Jul 94

[By correspondent Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 24 Jul (XINHUA)—Significant changes are taking place in the guild management of industrial sectors as reform of the economic structure deepens. There are now over 160 manufacturers' industrial associations across the country, claiming some 70,000 enterprises as members. These social bodies, born as they were in the drive to change the administrative functions of government departments and bureaucratic reforms, are playing a key role in guild management.

Industrial associations in our country are products of economic structural reform. They are social and economic organizations founded on a voluntary basis by enterprises in an industry to conduct self-regulation and self-restraint to avoid excessive intra-industrial competition, defend their common interests, and represent their demands as an industry to the government. These industrial associations have gone through three stages. The initial stage lasted from the end of the 1970's to the early 1980's, during which enterprises were given expanded powers. Recognizing the presence of administrative management at the expense of guild management, the State Council approved the establishment of the Chinese Packaging Association and Chinese Food Association. A number of industrial associations were developed from inter-factory contest committees or economic coordination networks. The mid-1980's was a vibrant era for the growth of industrial associations. With the unfolding of the full-scale reform of urban economic structures and the delegation of government powers, enterprises were given added vitality and a large number of local industrial associations replaced second-level companies, and the departments and bureaus responsible for the professional affairs of state-level organs, ministries, and commissions have also set up trade associations. After 1992, with further steps made in bureaucratic reform, the Federation of Light Industry and Federation of Textile Industry were established, ushering in a consolidation stage and a higher level in the development of industrial associations in our country.

After decades of development, industrial associations in our country have acquired some experience and become a professional force. They have done an enormous amount of work for the government and enterprises, including trade-related research and studies providing information and options for the government in strengthening macroeconomic management and formulating economic and technological policies for trades and industries, being commissioned by the government to draw up industry-wide expansion programs, arranging technological development and exchanges and providing technological consultation, promoting technological progress for specific industries, setting professional standards and undertaking pre-production preparations

before production permits are issued, offering various training classes and professional and vocational training, coordinating industry-wide price regulation, arranging for international economic and technological exchanges and cooperation, and introducing quality ratings and comparisons. Industrial associations function as a bridge and a link between government and enterprises, coordinate macroeconomic management, promote technological development and progress, collect and disseminate trade information, and provide effective services for enterprises in moving toward the market.

Beijing Corporation Questioned as Reform Example

HK2807084194 Beijing RENMIN RIBAO in Chinese 28 Jun 94 p 2

["Economic Jottings" column article by Wang Qingxian (3769 3237 2009): "Answering Two Questions on Beijing No. 1 Light Industry Corporation"]

[Text] In April this year, RENMIN RIBAO carried indepth and detailed reports on the comprehensive and coordinated reforms carried out by the Beijing No. 1 Corporation which attracted the attention of society. However, while people gasped with admiration at the success of the corporation, some people also raised two questions: First, the Beijing No. 1 Light Industry Corporation is located in Beijing and possesses land in areas where land prices are very high. The corporation was able to make use of differential rents, which other localities cannot, to implement its strategy of moving out to the suburbs and developing the tertiary industry. Most other localities do not have similar strong points and can hardly follow its example. Therefore, the experience of the corporation has no universal significance. Second, the No. 1 Light Industry Corporation was originated from the Municipal No. 1 Light Industry Bureau and there was little change in personnel. As soon as a license authorizing the corporation to manage state-owned assets was obtained from the government, the government functional department was changed into a company for managing state-owned assets. Is this not a typical "renamed government-turned-company?"

The Beijing No. 1 Light Industry Corporation's strong point of having land is really something uncommon. To a certain extent, this strong point, indeed, contributed to the corporation's success. However, to draw the conclusion because of this that the reforms carried out by the Beijing No. 1 Light Industry Corporation have no universal significance is biased. Making use of differential rents was only one of the comprehensive and coordinated reform measures adopted by the corporation; it is not the entire reform; nor is it the crucial thing in the reform. The most essential thing in the reforms carried out by the Beijing No. 1 Light Industry Corporation is the escalation from past management of enterprises and products to the management of assets. In addition, state-owned enterprises were developed and strengthened, while assets were enlivened by means of a series of

measures. With the deepening of enterprise reform, we are clear today on the goal of establishing a modern enterprise system, but how should we attain this goal? The central authorities have not, and cannot put forward a concrete idea for each enterprise because the conditions of one enterprise can be entirely different from those of another. It can be said that all enterprises have the same goal, but how to attain it has to be explored in practice by thousands upon thousands of enterprises. The Beijing No. 1 Light Industry Corporation carried out comprehensive and coordinated reforms proceeding from its own reality, giving play to all factors, making use of all conditions, and exploring—with the attitude of reform—the road to modern enterprises. Each locality and enterprise has its own strong points, as well as its own drawbacks. Each has to cover some distance toward the modern enterprise system by depending on itself. This is where the universal significance of the comprehensive and coordinated reforms of the Beijing No. 1 Light Industry Corporation lies.

For a certain period, the "renamed government-turned-companies" could be said to be criticized by all because they were a retrogression in the reform of enterprises. The State Commission for Restructuring the Economy once put forward an explicit idea on how to define this concept: To judge whether or not a company is a "renamed government-turned-company," the first thing is to look at its form, and the second is to look at its contents. The form means whether or not the company has been unhooked from the original administrative department, and the contents mean whether the company manages enterprises and acquires interests by market and economic means or by retained administrative means. The Beijing No. 1 Light Industry Corporation has no problems in these two aspects. Once the corporation was set up, the No. 1 Light Industry Bureau was dissolved and the issue of unhooking did not exist. The corporation's functions were entirely different from those of the past. The corporation no longer has any administrative control over its subordinate enterprises in terms of manpower, finance, materials, production, supply, and marketing. The relationship between the corporation and its subordinate enterprises is only the relationship of controlling and sharing stocks linked with assets.

The comprehensive and coordinated reform carried out by the Beijing No. 1 Light Industry Corporation was a way explored through practice in enterprise reform over many years which was carried out by the former No. 1 Light Industry Bureau, and is the negation and recreation of itself in the spirit of reform. This has given us enlightenment in another aspect: The same department with the same personnel and with the slogan of reform may become a "renamed government-turned-company" or the most active explorer in the reform of a certain trade. The major difference between the two perhaps lies in whether or not their minds are emancipated, whether or not they have a sense of responsibility to society, whether or not they have a sense of reform, and whether

or not they are armed with knowledge of the market economy. For some time in the past, some government departments have "renamed" themselves in various guises, causing resentment in society and creating a bad image. However, if because of this we categorically negate all exploration—like that of the Beijing No. 1 Light Industry Corporation—carried out by government departments in charge of a certain trade, we have gone to another extreme. As a matter of fact, as long as administrative departments base themselves on reformative exploration, they often have more strong points than other people. For example, they have a better idea of the basic situation, characteristics, quality of cadres, and management level of enterprises in their trade. If comrades in these departments have a sense of reform and have the ability to carry out reform, and if they really carry out reform like the Beijing No. 1 Light Industry Corporation, their exploration should be encouraged. In the establishment of a modern enterprise system, the authorized management of state-owned assets will be an important and common form. Will the speed in establishing a modern enterprise system be faster if departments in charge of a certain trade follow the example of the Beijing No. 1 Light Industry Corporation?

Li Lanqing on Improving Use of Foreign Capital

HK2807150594 Beijing ZHONGGUO XINWEN
SHE in English 1337 GMT 28 Jul 94

[Text] Beijing, 28 Jul (ZHONGGUO XINWEN SHE)—China saw improvement of actual utilization of foreign capital and a gain of such investment in large projects in the first half of this year. Vice-Premier Li Lanqing said in an interview with this agency. He clearly noted that the general trend of using foreign capital was good, sweeping away doubts on the situation of foreign investment during the period.

The doubts mainly came from some statistics that newly approved foreign-funded projects were some 25,000 in the first half of this year, showing a 42 percent drop over the same period last year while the pledged foreign capital was valued at U.S.\$44 billion, 25.2 percent down.

Mr. Li, head of a leading team responsible for the introduction of foreign capital, gave a clear and authoritative answer to this question. He said that there were two points worth noticing regarding the use of foreign capital this year. First, the actual input of foreign capital was valued at U.S.\$14.7 billion or a gain of 54.9 percent over the same period last year and making up nearly one fifth of the gross input of foreign capital totalling U.S.\$76.6 billion at present across the country. He added that significance shown in the use of foreign investment should depend on the actual input of such capital.

Second, quality of introduction of foreign capital tended to improve this year. So many multinational companies came to China to invest in a large number of projects involving high technology, basic facilities and large size.

The vice-premier said that foreign capital brought in each year could not grow double because capital in the renminbi raised at home should be used as a supplement for introduction of foreign capital. The supplementary amount of capital in the renminbi was included into the general macro-regulation.

Mr. Li stressed that key to bringing in foreign capital was to create sound investment environment while at the same time foreign investors should be provided with a number of attractive projects which had to be in line with the national development strategy and the industrial policy. Supplementary capital is necessary in accordance with the actual situation. Foreign-funded projects should not receive adverse impacts because of failure of input of domestic capital. Economic results have to be taken into consideration involving actual input of capital offered by parties concerned and reasonable return from such input.

Article on Wu Yi's Foreign Trade Vision

HK2907010094 Beijing GUOJI SHANGBAO in
Chinese 25 Jun 94 pp 1, 2

[Article by Hu Zhaoqing (5170 0340 1987), director of the Development Department of the Ministry of Foreign Trade and Economic Cooperation: "A Few Comments on Implementing the 'Macroeconomic and Trade Strategy'"]

[Text] At the "International Seminar on China's Foreign Economic and Trade Strategy in the 1990's," Minister Wu Yi clearly set out the construct of "macroeconomic and trade strategy" and upgraded it to a theoretical and strategic level as a guideline for the development of China's foreign economic relations and trade. This is the first time it has ever been done in the history of China's foreign economic relations and trade.

In an effort to accommodate the objective law of market economy and the requirements of international practice, and in light of the actual progress of foreign economic relations and trade, implementing a "macroeconomic and trade strategy" in the 1990's certainly will play a positive role in improving the macroregulation and management of foreign economic relations and trade; promoting cooperation and mutual support in the production, trade, banking, and scientific and technological sectors; and maximizing the contribution of foreign economic cooperation and trade to overall economic development.

The "macroeconomic and trade strategy" refers to an economic and trade development strategy designed to promote: Inter-infiltration and coordinated development of commodities, funds, technology, and service, and the participation of such departments as foreign economic cooperation and trade, production, science and technology, and banking. The contents of this strategy cover the following aspects:

1. **Macroeconomic opening:** It is necessary to form a pattern of opening which is characterized by all-dimensional, multisector, and multichannel opening up both within the country and toward the outside world, by further increasing the depth and scope of foreign economic cooperation and trade; to open up a multipolar market focusing on Asia-Pacific and countries surrounding China; to show a rational balance in the involvement of both developed and developing countries, so as to increase the degree of overall opening of our country; and on this basis and in accordance with international trade norms and the requirements of international practice, to accelerate the conversion of enterprise operational mechanisms, speed up the converging process of domestic economy with the world economy, lay a sound foundation for the basic structure of an open economic system, and maximize the benefits of participating in the international division of labor.

2. **Macroeconomic integration:** First, it is necessary to accelerate the process toward macroeconomic integration of various operations of foreign economic cooperation and trade, primarily foreign trade, utilization of foreign capital, and investment overseas, as well as other operations in international economic and technological cooperation, and to achieve the integrative, coordinated development of the commodity, technological, and service trades. Second, it is necessary to make an effort to achieve the organic amalgamation of multilateral economic cooperation and trade, regional (including subregional) economic cooperation and trade, and bilateral economic cooperation and trade, under the precondition of doing our utmost to preserve the global multilateral trade system, and to protect our country's deserved economic interests. Third, it is necessary to make a joint effort to promote the close integration of trading, production, scientific and technological, and banking departments and improve enterprises' competitiveness overseas. Fourth, as economic levers—such as exchange rates, taxes, and tariffs—are better sorted out, the steady development of foreign economic cooperation and trade and maintaining the balance of international payments will become the direct objective of the state macroeconomic regulation and control and of macroeconomic regulation and control of foreign economic cooperation and trade, and the macroregulation and control of the national economy can be better integrated.

3. **Major changes in the function:** In the 1990's, the function of foreign economic cooperation and trade will go through major changes. While expanding the scope of foreign economic cooperation and trade and increasing the contribution it can make to the growth of national economy, we should concentrate on giving play to its role in promoting the adjustment of China's industrial structure, speeding up the development of technology-intensive industries, accelerating technological advancement, and improving both macroeconomic and microeconomic efficiency. In the meantime, foreign economic cooperation and trade, as an important bridge between the domestic and international markets, also

should give full and complete guidance to the national economy and should provide integrated services in many areas, especially in information exchanges and consultations in the media of the international market.

To implement the "macroeconomic and trade strategy" in the 1990's, we should aim at realizing the following strategic goals: 1) An appropriate degree of advanced growth—The foreign economic cooperation and trade should retain an appropriate degree of advanced growth and increase the amount of its contribution to overall economic growth, so as to make up for shortages of resources, funds, and technology in our country. 2) Intensive development—It is necessary to further optimize the structure, speed up the technological advancement, improve the efficiency, and promote the adjustment of our country's industrial structure. 3) Multipolarization of the market—It is necessary to gradually build a market structure focusing on the Asia-Pacific market, supported on the markets of the nations surrounding China, and showing a rational balance in the involvement of both developed and developing countries. 4) Rationalization of the interregional division of labor.—It is necessary to change the tendency of foreign-oriented industries in different regions being similar to or overlapping each other, reduce the conflicts and frictions between regions, and form a pattern of rational and coordinated development of foreign economic cooperation and trade among different regions.

The implementation of the "macroeconomic and trade strategy" is a systems engineering project demanding policy support and cooperation from various quarters. Here, I would like to make a few comments on this issue.

1. Improve understanding, change concepts, and foster awareness of "macroeconomy and trade"

In the past, the foreign economic cooperation and trade under the planned-economy system paid lopsided attention to micromanagement, and substituted planning and administrative means for economic and legal means. Regions were separated from each other, and so were different departments, and the operation of foreign economic cooperation and trade itself lacked an effective bond with the outside world. Thanks to the reform over the last 15 years, this situation has changed greatly, but it is still falling behind the needs of the socialist market economy. This has a certain bearing on some deep-level problems in the development of foreign economic cooperation and trade, such as quality, efficiency, and operational order. To adopt a series of measures to expedite the formation of a macroeconomic and trade pattern is of important strategic significance in the effort to further upgrade foreign economic cooperation and trade. To follow the natural flow of the socialist market economy, further weaken micromanagement, and strengthen and improve macromanagement, governments and the large numbers of enterprises are required to improve their understanding, change their concepts, foster a correct awareness of the "macroeconomy and trade," adopt

practical measures, improve their work, improve their capability for strategic decisionmaking and operational management, help bring about a thorough change in the mode of development of foreign economic cooperation and trade, and ensure the fulfillment of the strategic goals of foreign economic cooperation and trade for the year 2000.

2. Deepen the reform of the system of foreign economic cooperation and trade, and improve the macroregulation and control mechanism of foreign economic cooperation and trade.

This year, the state is staging major reforms in such fields as taxation, banking, foreign trade, and investment so as to lay the foundation for building a socialist market economy structure. The measures for reforming the foreign trade system are mainly as follows: Establishing a unitary, managed floating exchange rate system based on the market and making the renminbi conditionally convertible under normal conditions; removing the system of retaining foreign exchange and changing the system of granting exchange quotas into the system of settling and selling foreign exchange by banks; scraping mandatory plans and improving the macromanagement of foreign economic cooperation and trade; further decontrolling operations and promoting the role of the market mechanism; establishing a modern enterprise system and speeding up the conversion of enterprise operational mechanisms; unifying foreign economic cooperation and trade policies and increasing transparency. These reform measures will create favorable conditions for fair competition among all types of foreign trade enterprises, and also will contribute to the efforts by government departments to improve macromanagement over foreign economic cooperation and trade. As our country resumes its status as a signatory to the General Agreement on Tariffs and Trade [GATT] and joins new world trade organizations, the need will arise for us to further deepen reform of the system of foreign economic cooperation and trade; standardize tariff and non-tariff measures; open up our domestic market appropriately; give full play to the foundational role of the market mechanism in the distribution of resources; gradually move toward the open operation of foreign economic cooperation and trade; promote competition; truly use such economic and legal means as tariffs, exchange rates, and interest rates to manage foreign trade; speed up the process of converging with international economic practice; and create a fine policy environment for the smooth implementation of the "macroeconomic and trade strategy."

3. Make energetic efforts to push ahead with the all-dimensional, multilevel, and multichannel opening up process, and promote the overall development of China's foreign economic relations and trade, including multilateral and bilateral economic cooperation and trade, so as to create a fine external environment for the implementation of the "macroeconomic and trade strategy."

China has always stood for the development of friendly and cooperative relations with all countries in the world

on the basis of the five principles of peaceful coexistence. On the foreign economic cooperation and trade front, we are against trade protectionism, advocate strengthening and protection of the global multilateral trade system, and seek—through the expansion of economic cooperation and trade—to strengthen and develop our friendly relations with other countries. Beginning in the middle of the 1990's, the world economic growth has shown signs of pickup, the U.S. economy has recovered, and the especially fast growth of the economy in East Asia has brought a new motive force to the growth of the world economy and trade. While continuing to consolidate the old markets in the United States, Japan, and West Europe, we should actively seek to open up new markets in the Asia-Pacific, the surrounding countries, and in other developing countries; carry out all-dimensional, multilevel, and multichannel economic cooperation and trade; and strive to create a fine external environment.

4. Closely integrate trade, industry, agriculture, technology, and banking; speed up technological progress and the upgrading of export industries; and improve the competitiveness of leading industries.

The state industrial policy is not only an important basis for guiding the development of foreign economic cooperation and trade, but also an important means of support for such development. In the middle and late 1990's, as the state macromanagement improves, the government will need to guide the behavior of enterprises with its industrial policy and to conduct indirect intervention in the industrial structure. Therefore, to formulate a correct and rational industrial policy is not only required by the steady development of the national economy, but also called for by the healthy development of foreign economic cooperation and trade. The focus of the state industrial policy should be placed on such areas as drawing up rational policies, promoting the development of leading industries, and strengthening the building of basic industries. In the meantime—aimed at helping leading industries increase their competitiveness overseas and participate in international competition—the trading, industrial, agricultural, technological, and banking departments should cooperate closely to implement the industrial policy together, speed up technological advancement, and promote the upgrading of export-oriented industries. It is necessary to selectively support and develop the export of heavy and chemical industry products, such as machinery and electrical products, chemical products, and metallurgical products, so as to turn heavy and chemical industries—as well as machine-building and electrical industries—into China's leading industries in the future. It is also necessary to support some high- and new-technology industries in their export operations. These include computers and software, biological products, communications products, new materials, the aerospace industry, and the electromechanics industry. The objective is to turn them into China's main export industries and help improve the international competitiveness of leading industries.

5. Establish and improve the policy system for promoting foreign economic cooperation and trade so as to provide an effective means for the implementation of the "macroeconomic and trade strategy."

The development of foreign economic cooperation and trade will play an important strategic role in China's modernization drive. Meanwhile, foreign economic cooperation and trade also face intense international competition. In the middle and late 1990's, we should, in light of China's reality and international practice, establish and improve a policy system for promoting foreign economic cooperation and trade so as to provide an effective means for the implementation of the "macroeconomic and trade strategy"; to better promote the development of foreign economic cooperation and trade, as well as the expansion of opening up; and to accelerate the process of China's modernization. The foreign economic cooperation and trade promotion policies include: 1) The financing policy—While improving service and increasing efficiency, financial departments (including import and export banks) should take steps to expand the scope of export credit; promote the export of technology-intensive products—such as high added-value machinery and electrical products and complete plants and equipment—and expedite the upgrading of export industries. They should make an active effort to run export credit and insurance operations and security services for investment abroad. They should provide effective backing for various types of enterprises in opening up international market. 2) The policy of encouraging exports—The renminbi should evolve from conditional convertibility under normal conditions, to basically free convertibility under normal conditions, and eventually, to free convertibility, so as to play a positive role in promoting exports. It is necessary to improve the procedure for tax reimbursements, make full and timely reimbursements, and simplify the process. A credit policy encouraging exports should be implemented, and among many other things, enterprises and entrepreneurs that have made outstanding contributions to the expansion of exports should be rewarded. 3) It is necessary to strengthen the building of intermediary economic and trade organizations and to improve business information services. It is necessary to establish and develop various kinds of intermediary economic and trade organizations and to give play to their role in providing business information services and in supporting medium-sized and small enterprises in opening up international market. Under the present circumstances, the government should provide necessary financial support. 4) The policy for helping foreign economic cooperation and trade enterprises follow the path of industry-orientation, grouping, and internationalization—it is necessary to establish a small number of large, integrated foreign economic cooperation and trade enterprises characterized by industry orientation, grouping, and internationalization, which can contend with large multinationals in the world and become leaders in guiding and coordinating the behavior of

many medium-sized and small enterprises, and serve as transmitters of government macroregulation. It is imperative to provide necessary support in such areas as foreign trade policy, financial policy, circulation policy, and industrial policy. 5) The policies for encouraging better utilization of foreign capital, introduction of advanced technology, and international cooperation in high- and new-technology fields—these are designed to encourage development toward wider scope, higher cost-effectiveness, and more optimal structure.

6. Strengthen the building of legislation for foreign economic cooperation and trade, and provide legal safeguards for the implementation of the "macroeconomic and trade strategy"

The market economy is a legal economy. The resumption of China's status as a signatory to the GATT and its joining new world trade organizations, in particular, demands prompt improvement of various kinds of economic and trade laws and regulations. In May 1994, the National People's Congress approved and promulgated China's first "Foreign Trade Law." This signaled another gratifying step in the building of legislation for foreign economic cooperation and trade in our country. It is bound to have an important, profound, and far-reaching impact on the development of foreign economic cooperation and trade. The promulgation of this law also indicates that our country is accelerating the process of converging with international economic practice. The "Foreign Trade Law" is the bible of foreign trade. It will provide a legal safeguard for the macromanagement of foreign economic cooperation and trade, and also will create conditions for fair competition among all types of foreign trade enterprises. Nevertheless, the "Foreign Trade Law" is simply a good start. We still must hurry up and formulate a series of matching decrees and administrative codes, spend about three years setting up a rather complete system of foreign economic and trade laws, and provide a practical and reliable legal safeguards for the implementation of the "macroeconomic and trade strategy."

The "macroeconomic and trade strategy" is a systems engineering project involving a host of issues and is very rich in content. The foregoing are but some superficial points of understanding and some comments, which are not well-considered or complete. I hope comrades from relevant departments can share their opinions and let mine be a starting point for more in-depth study on the issue of "macroeconomic and trade strategy."

Foreign Investment Allowed in Some Tertiary Industry

*HK2807153594 Hong Kong ZHONGGUO
TONGXUN SHE in Chinese 1024 GMT 1 Jul 94*

[Text] Beijing, 1 Jul (ZHONGGUO TONGXUN SHE)—An official from the foreign investment department of the Ministry of Foreign Trade and Economic Cooperation recently revealed that a policy to introduce

foreign capital to tertiary industry has been finalized. Its main features are as follows:

In commerce, it allows the introduction of foreign capital only in Shanghai, Beijing, Tianjin, Dalian, Qingdao, Guangzhou, and the five special economic zones, which can open one to two Sino-foreign joint-venture supermarkets to engage in retail trade but not the wholesale business. Permitted modes of investment are joint investment or cooperative business operations; no solo [foreign] investment is allowed.

In foreign trade, foreign investment is limited to China's bonded areas.

In transport and communication, foreign investment in expressways, railways, vehicle transportation, piers, and terminals is encouraged and investors are allowed to participate in business operations. Foreign investment is allowed in the manufacture of auto components and the management of railway stations. Roadside gas stations and restaurant and maintenance and repair services can take the form of joint investment. Sole investment is allowed in building waterways and cargo terminals used exclusively by the cargo owners.

In civil aviation, foreign investment is allowed in airport projects, aircraft maintenance, airport terminal service buildings, and air catering. Preparations are being made to establish an experimental Sino-foreign joint venture airline.

In banking, foreign-invested banks are allowed in coastal cities.

In tourism, in the 11 state-approved holiday resort areas, foreign investment is allowed in the development of tourist facilities and tour operations; jointly invested international tourist agents are allowed.

In property and real estate, restrictions on foreign investment have been lifted, and appropriate growth, especially the integrated development of whole tracts of land, is encouraged.

In culture and education, foreign donations to schools and Sino-foreign joint venture training centers are encouraged.

New Regulations Issued on Sino-Foreign Companies

HK2807124294 Hong Kong ZHONGGUO
TONGXUN SHE in Chinese 1024 GMT 29 Jun 94

[Text] Beijing, 29 Jun (ZHONGGUO TONGXUN SHE)—In order to vigorously and steadily conduct experiments tests at selected Sino-foreign joint-stock enterprises, China's Ministry of Foreign Trade and Economic Cooperation [MOFTEC] issued a notice a few days ago and laid down new regulations on relevant questions.

According to the notice, attention should be paid to three questions when running Sino-foreign joint-stock limited companies:

1. Running Sino-foreign joint-stock limited companies and issuing special renminbi stocks to attract foreign capital is a new form of absorbing direct foreign investment. At present, the laws laid down by the state are still imperfect, so economic and trade departments in various selected localities should, within the scope of their official duties, study relevant policies and accomplish examination, approval, and administration work.

2. Any joint-stock limited companies issuing special renminbi stocks abroad or any existing companies at home issuing special renminbi stocks is tantamount to utilizing foreign capital. Economic and trade departments in various localities should examine their contracts and statutes in accordance with the relevant state laws, regulations, and examination and approval procedures on the utilization of foreign capital.

If existing foreign-invested enterprises in the form of limited liability companies are reorganized into joint-stock limited companies, their assets should be assessed. Moreover, after revising their original joint-venture contracts and statutes, these cases should be reported to the original departments responsible for their examination and approval for reexamination.

Since the current work in carrying out joint-stock experiments has just begun, the establishment of any Sino-foreign joint-stock limited company, with the exception of those in Shanghai Municipality and Shenzhen City, must be reported to MOFTEC for examination and approval. MOFTEC will also determine whether or not the company can enjoy (or can continue to enjoy) treatment accorded to foreign-invested enterprises and whether or not an instrument of ratification should be issued.

Sino-foreign joint-stock companies' applications to issue special renminbi stocks should be handled according to the relevant State Council regulations and securities administration regulations in Shanghai Municipality and Shenzhen City.

3. The establishment of Sino-foreign joint-stock limited companies should be in line with China's industrial policies on utilizing foreign capital, and, at present, should be restricted to industries where foreign investment is encouraged and permitted by the state.

Sino-foreign joint-stock limited companies cannot be set up in industries where the establishment of foreign-invested enterprises is prohibited by the State and in industries where the contract terms of the joint ventures, as provided for by the provisional regulations on the contract terms of Sino-foreign joint-venture enterprises, are stipulated.

Council Announces Requirements for Foreign Capital Use*HK2807144794 Beijing ZHONGGUO XINWEN SHE in English 1224 GMT 28 Jul 94*

[Text] Beijing, 28 Jul (ZHONGGUO XINWEN SHE)—The Light Industry Council of China has recently announced a list of projects for international cooperation and, at the same time, set requirements for use of foreign capital.

According to the council, from now on, utility of foreign capital in the sector of light industry and establishment of foreign-funded enterprises must be in line with the state industrial policies and overall development plan. The specific key requirements are as follows: steadily develop the two basic industries, namely, foodstuffs and paper-making; greatly exploit interior decoration and related products; ceaselessly produce new variety of plastic products and electric home appliance; enhance the overall standard of China's light industry; further improve quality of products as well as promote export of leather and leather goods, art and craft, metal products, stationery, sports requisites, household machinery, food, electric home appliance, plastic products, etc.

Beijing To Introduce Antidumping Measures*HK2907104494 Hong Kong LIEN HO PAO in Chinese 28 Jul 94 p 9*

[By Mainland News Center: "Mainland China To Adopt Five Anti-Dumping Measures To Prevent Foreign Countries' Accusations, Which Affect Exports"]

[Text] Accusations of dumping from foreign countries pose a threat to the mainland's exports. To solve this problem, the mainland will adopt five anti-dumping measures soon.

According to reports in the mainland, the five measures are as follows. One, drawing up an anti-dumping law as soon as possible. The "Regulations on Responding to Suits Against Sales Dumping" issued by the Ministry of Foreign Trade and Economic Cooperation are the existing guidelines for anti-dumping work. The Treaty and Law Department under the Ministry of Foreign Trade and Economic Cooperation has been appointed as the institution responsible for this work. Export enterprises which do not do their best to respond to anti-dumping suits will be severely punished.

Two, strengthening the role of import-export chambers of commerce. The "Regulations on Responding to Suits Against Sales Dumping" clearly stipulate that the chambers of commerce "are responsible for arranging and coordinating work concerning responding to anti-dumping suits." In the meantime, they will be granted more powers to strengthen controls over export enterprises.

Three, strengthening controls over exports of sensitive goods. GATT bans restrictions on the quantity of

imported goods but allows restrictions on the quantity of exported goods. In handling the few commodities whose export is subject to a quota system, bidding and the provisional allocation of quotas on a voluntary basis will be carried out and export taxes levied in a bid to restrict the quantity of export goods.

Four, setting up a fund for responding to anti-dumping suits. To prevent export enterprises from declining to bear the expense involved in anti-dumping suits, failing to do their best to respond to suits, or refusing to respond to suits, customs will be assigned to collect fees according to unified rates to set up the fund.

Five, training anti-dumping personnel. The Ministry of Foreign Trade and Economic Cooperation, together with the United States and the European Commission, will give a course in anti-dumping work. It will also use loans provided by the World Bank to train qualified anti-dumping personnel and send them to foreign countries to do fieldwork.

Bank Official Interviewed on Foreign Currency Business*HK2907105794 Hong Kong HSIN WAN PAO in Chinese 5 Jul 94 p 1*

[Report on interview with Zhou Zhengqing, vice governor of the People's Bank of China, by reporter Cheng Chi-nung (6774 4764 6593); date, place not given: "Vice Governor of the People's Bank of China Zhou Zhengqing Interviewed; Says Renminbi Exchange Rate Stable Since Reform of Foreign Exchange Structure"]

[Text] Beijing, 5 Jul (HSIN WAN PAO)—Zhou Zhengqing, vice governor of the People's Bank of China, said in an interview with this reporter: The exchange rate of the renminbi has been basically kept at 7.8 yuan to the dollar since the exchange rates were unified this year. From 4 April to 30 June, the rate dropped from 8.6967 yuan to eight yuan to the dollar. Basically, the sustained, steady, and healthy development, as well as the strengthening of our national economy, is the solid foundation for a stable exchange rate. At present, our national economy is still developing in a steady and healthy manner, the financial situation is stable, and we have sufficient foreign exchange reserves. We are confident that the exchange rate of the renminbi can be kept basically stable.

He said: We have only one, rather than two markets after unifying the exchange rates, that is, the inter-bank foreign exchange market. Only appointed foreign exchange banks can enter the foreign exchange market, but Chinese enterprises cannot trade directly with others in this market. As far as the foreign exchange restructuring is concerned, in order to preserve the continuity of the preferential policies enjoyed by foreign-invested enterprises, no change has been made in the foreign exchange administrative method over foreign-invested enterprises.

For foreign-invested enterprises, the original practice of keeping spot exchange and opening foreign exchange accounts, rather than the system of banks' exchange sale, is implemented. In order to help foreign-invested enterprises balance the supply of and demand for foreign exchange, the original foreign exchange swap market has been kept, as an interim measure, to serve foreign-invested enterprises.

He said: As far as domestic enterprises are concerned, an important content of our foreign exchange restructuring is to implement the system of banks' exchange sale and settlement, abolish the system of retaining foreign exchange and turning it over to the State, and abolish the planning and the examination and approval of foreign exchange uses. As long as valid proofs (such as import documents and certificates) are produced, one can directly cash payments for enterprise trade and trade-related services at bank counters, which is much more convenient than the past practice of seeking foreign exchange administrative departments' approval whenever foreign exchange was used.

Zhou Zhengqing said: Banning foreign currencies from circulating within our territory is our consistent policy, which also accords with international practice, because it is the necessary means to ensure the local currency's legal status. The announcement on the foreign exchange restructuring issued by the People's Bank of China at the end of last December declared: Foreign exchange valuation, settlement, and circulation within our territory is prohibited. This was a reiteration of relevant laws and regulations applicable to all localities throughout our country, including Shenzhen. We will carefully and skillfully handle some concrete problems that have arisen in the enforcement process in Shenzhen and other localities according to the principle of facilitating economic dealings with Hong Kong and Macao.

He said: China is unswerving in implementing its policy of reform and opening up, and in opening up its financial sector to the outside world. We have allowed a number of foreign-invested financial organizations to set up business agencies in special economic zones and some coastal open cities, including Shanghai, Tianjin, Qingdao, Ningbo, Dalian, Guangzhou, Nanjing, and Fuzhou. At present, with the approval of the People's Bank, more than 100 foreign-invested financial business agencies (including foreign-invested bank branches, joint-venture banks, and financial companies) and more than 300 representative agencies and offices of foreign-invested financial organizations have been established in the mainland. In the future, and in accordance with the needs of economic development, we will further broaden the localities where financial sectors are open to the outside world. This will be done in a gradual and planned way. From a long-term point of view, the issue of allowing foreign-invested banks to do renminbi business in the mainland must be settled, but there must be certain conditions. We are vigorously creating conditions in this respect: 1) Developing and perfecting the

commercial bank mechanism and enhancing state-owned commercial banks' competitive power. 2) Further perfecting relevant financial laws and regulations and trying as soon as possible to legislate the Commercial Bank Law so that commercial banks can have laws to follow in the process of self-development, while the Central Bank can supervise them according to the law. 3) Creating an atmosphere of fair competition and equality in tax burdens. Once conditions are ripe, it will be natural to open the renminbi business to foreign-invested banks.

State, Provincial Tax Offices Separated

OW2807132594 Beijing XINHUA in English 1310
GMT 28 Jul 94

[Text] Beijing, July 28 (XINHUA)—Tax offices of the central government have been separated from those of local governments in 13 province-level areas in a move to intensify China's macro-economic controls, the State Administration of Taxation announced today.

An official of the administration said that the separation is a "great policy decision" made by the Chinese Communist Party Central Committee and the State Council, China's highest governing body.

The move is also designed to institute a taxation system of the central government and another of local governments, arouse the initiative of the central and local governments and ensure a steady increase in China's revenues, he explained.

He said that the 13 province-level areas include Guangdong, Hubei, Henan, Jiangsu, Fujian, Yunnan, Hebei, Shanxi, Jilin, Gansu and Liaoning Provinces, as well as Tianjin Municipality and the Xinjiang Uygur Autonomous Region.

He also revealed that the separation of tax offices will be completed in other province-level areas soon.

Deep-Sea Fishing Group Established in Beijing

OW2807143694 Beijing XINHUA Domestic Service
in Chinese 0651 GMT 26 Jul 94

[By reporter Chao Wen (6872 2429)]

[Text] Beijing, 26 Jul (XINHUA)—To improve China's deep-sea fishing, the Zhongshui Group, which comprises more than 30 enterprises with the China Aquatic Products Corporation as the core, was established in Beijing today. State Councilor Chen Junsheng, Agriculture Minister Liu Jiang, and responsible comrades from the departments concerned attended today's founding ceremony and extended congratulations.

China's first deep-sea fishing fleet, which consisted of 13 fishing vessels, sailed to the waters off west Africa in March 1985, thus opening up new areas of economic and technological cooperation between China and other countries and of overseas contracting business. Thus far,

the China Aquatic Products Corporation has sent 151 fishing vessels and auxiliary ships to west Africa, and more than 300 ships to the south and north Pacific Ocean. More than 5,000 fishermen have been sent on such voyages.

The development of China's deep-sea fishing industry has vastly enriched domestic aquatic products markets. Over the past nine years, the China Aquatic Products Corporation has shipped back 250,000 tonnes of aquatic products worth \$180 million to China. This has enriched the "shopping baskets" of residents in large and medium-sized cities.

As a result of the development of deep-sea fishing and international fishery exchanges, China's fishing industry

has begun to participate in international competition and in the world's economic activities. Thus far, the China Aquatic Products Corporation has earned nearly \$600 million in foreign exchange and exported 900 million yuan worth of equipment and materials. It has established an operational system that integrates production, processing, transportation, supply, and marketing.

The newly established Zhongshui Group, which combines production, supply, marketing, fishery, industry, and domestic and foreign trade, operates across sectoral, regional, and national lines. It is an internationalized, diversified, and modernized multinational conglomerate.

East Region

Fujian Secretary Discusses Economic Prospects

HK2807113894 Hong Kong TA KUNG PAO in
Chinese 19 Jun 94 p 13

[“Fujian Secretary Jia Qinglin Interviewed by TA KUNG PAO Editor-in-Chief Tsang Tak-sing”— place not given; 19 Jun]

[Text] Fuzhou, 18 Jun (TA KUNG PAO)—[Editor’s note]: Since the start of reform and opening up in mainland China 15 years ago, Fujian Province has carried out economic reform ahead of others by relying on the special preferential policies granted by the central authorities. At present, the mainland’s reform and opening up are in full swing, and in a certain sense, many policy advantages that have brought about the rapid economic growth of Fujian over the past few years are disappearing. So what steps Fujian will take to maintain its momentum of fast-paced economic growth in the future is an issue of great concern for the people in Fujian, as well as for the overseas Chinese of Fujian origin. For this reason, Tsang Tak-sing, chief editor of this newspaper, today interviewed Jia Qinglin, secretary of Fujian provincial party committee. [end editor’s note]

The Advantages Still Exist

[Tsang Tak-sing] Secretary Jia, reform and opening up on the mainland are developing now in a comprehensive way. Have Fujian’s previous advantages in terms of policies disappeared? Since you took charge of the work in Fujian, what new ideas have you had with regard to Fujian’s future economic development?

[Jia Qinglin] Over the past 15 years of reform and opening up, guided by Comrade Deng Xiaoping’s theory of building socialism with Chinese characteristics and the party’s basic line, and taking advantage of the preferential policies granted by the central authorities, Fujian has seized opportunities and exploited its advantages in order to forge ahead, so considerable headway has been made in economic construction, comprehensive economic strength has been augmented, and the people’s living standards have been substantially enhanced. Last year, the province’s GNP reached 96.79 billion yuan, increasing by 5.46 times as compared with that 15 years ago, and its per capita GNP rose from 21st place in the entire country in 1978 to 8th place in 1993. Fujian’s development has benefited from reform and opening up, and it still has hopes for attaining faster and better development through in-depth reform and wider openness. At present, the country’s reform and opening up have developed deep into the areas along the coasts, borders, and rivers in a comprehensive fashion, but the advantages of preferential policies granted to Fujian have not totally disappeared because we still can make use of certain free port policies for the Xiamen Special Economic Zone [SEZ] and give play to various preferential policies granted by the central authorities for the

development of national-level tourist zones, Taiwan investment zones, bonded areas, coastal open cities, economic and technical development zones, national assisting-the-poor comprehensive reform experimental zones, and so on. Moreover, in the overall pattern of reform and opening up which we have set up over the past 10 years and more, we are comprehensively increasing the content of reform and are fully exploiting the geographical advantage of being adjacent to Southeast Asia and Taiwan. We are confident of achieving the medium- and long-term strategic objective of economic development in our province.

Since the 14th National CPC Congress concluded, the Fujian Provincial CPC Committee and Government have formulated a three-step strategic objective for Fujian’s socioeconomic development in light of the actual conditions in the province. According to this objective, the province will quadruple its GNP seven years ahead of schedule as the first step, (and this was achieved in 1993). As the second step, the GNP will be increased by eight fold by the end of this century. As the third step, which runs up to the year 2020, the GNP will be increased by another eight fold and at that time will reach the medium income level of developed countries. After serious study, we now are enlisting forces to start formulating the Ninth Five-Year Plan and the socioeconomic development program between now and 2010 under which the economy will grow at an average rate of 11 percent per year during the first decade and at 10 percent during the following decade.

With regard to Fujian’s economic development in the next period, we will pay particular attention to the following four points:

First, we will take firm control of the basic point—agriculture and state-owned enterprises, which are basic key points of the central work at present. Fujian’s idea on agricultural development is to stabilize grain production and increase revenue. Fujian historically has been a province of grain shortages, which is due chiefly to the limited amount of cultivated land. At present, the province has only 29 million mu of cultivated land, which produces 18 billion jin of grain a year. This output can meet only the basic grain requirement of the people, so there is a great shortage of grain (approximately 3 to 4 billion jin) for fodder and for industrial use, which is mainly transferred from other provinces. “To stabilize grain production” means stabilizing the existing 29 million mu of cultivated land and maintaining the grain production of 18 billion jin a year, while “to increase revenue” means encouraging rural areas, and grain-producing areas in particular, to develop a diversified economy in order to arouse peasants’ initiative to grow grain and to change the condition of low income in spite of high yield.

Assisting the poor is another major task of rural economic development in Fujian. Today, there are 80 million people across the country who are living below

the poverty line. The central authorities have called for various localities to totally get rid of poverty by the end of this century. After a few years of work to assist the poor and succor the distressed, there are still 800,000 poor people in the province who are in need of assistance. The provincial authority has planned to thoroughly resolve this problem before 1997, and now is concentrating its efforts on removing 100,000 people, who belong to impoverished households without means of production and subsistence, from the mountain areas to settle elsewhere, which the provincial authorities have to subsidize to the tune of 3 million yuan each year. This task should be fulfilled before the end of this century.

For Fujian, the burden of transforming large and medium-sized state enterprises is not heavy because there are only 260 such enterprises in the province, and together with small enterprises, their industrial output value holds only one-third of the province's total. The central authorities now have a number of measures to invigorate small state enterprises, such as sales by auction and transformation of value forms. A few years ago, Fujian began performing this work early and proposed the following principle to people who wanted to set up enterprises: Wherever possible, those enterprises that can be run as individual businesses should avoid running as collective units, and those that can be run as collective units should avoid running as state enterprises. The purpose of this practice is to enable the state and government to bear fewer burdens or to free themselves from bearing any burden. Therefore, over the past few years, Fujian has focused its work on stabilizing agriculture; fostering town and township enterprises, as well as foreign-invested enterprises; and encouraging the development of the individual and private economies. In the meantime, it has positively set about invigorating state enterprises. Judging from the present conditions, it is difficult to run state enterprises well for the moment, but the problems in Fujian are not serious as long as we perform the above major tasks properly because they conform to the actual conditions in Fujian.

Second, we will take a firm hold of the new growth points in the national economy. Town and township enterprises, foreign-invested enterprises, and individual and private economies are principal new growth points in Fujian now. They present robust vigor, as their economic targets are doubled every year. At present, the above sectors account for 75 percent of the province's newly increased GNP, and according to our plan, this percentage will rise to 90 by the end of this century. That is why the provincial authorities have focused economic development primarily on these sectors so as to ensure that enterprises with the above ownership forms will obtain relatively faster growth.

Third, we will pay serious attention to weak links. The weak links in Fujian now are energy and communications. We adopted a development method of rotating five wheels simultaneously to resolve the problem in communications. For this purpose, the provincial party

committee and government have called on various localities across the province to "wage a people's war" in the construction of "leading projects."

The goals of our "leading projects"—which take the construction of first-class highways, as well as high-level and secondary high-level road surfaces as key points—are to build the 480-km Fuzhou-Xiamen-Zhangzhou-Zhaoan Expressway; 3,200 km of second-class highways; and 4,000 km of newly paved high-level and secondary high-level road surfaces in order to increase the traffic capacity of the highway network and improve our traffic facilities. By the end of this century, the province's trunk line Fuzhou-Xiamen-Zhangzhou-Zhaoan Expressway will be completed and opened to traffic; five national highways with a total length of 2,228 km, one provincial highway with a length of 301 km, and the heavy-duty sections of other main arteries of the provincial highway having a total length of approximately 1,400 km will reach the standard of second-class highways or above; and seven main passages leading to neighboring provinces will be rebuilt to reach the same standard as the highways to which they are linked.

It was the province's "year of infrastructure construction" in 1993, and it was also the first year in which the highway "leading projects" were carried into execution. During the year, 1.3 billion yuan were put in as highway construction funds, which showed an increase of a dozen times as compared with 1992. Of the 57 projects totalling 1,263 km under arrangements for construction, 570 km of roadbed and 290 km of road surface for second-class highways were completed.

In a bid to accelerate the pace of building expressways, the provincial party committee and government held a number of special meetings to study the issue of expediting expressway construction in the province. At present, construction of the expressway between Quanzhou and Xiamen has partially started, and the preliminary and fund-raising work has been stepped up for the expressways between Fuzhou and Quanzhou, Xiamen and Zhangzhou, and Zhangzhou and Zhaoan. In the meantime, in order to alleviate the traffic congestion on the Fuzhou-Xiamen Highway, the provincial party committee and government have decided to take a year—starting from 1 June this year—to transform and broaden the No. 324 National Highway—Fuzhou-Xiamen-Zhangzhou Highway.

In addition, in order to accelerate communications construction, the provincial government has worked out policies to assist the construction and vigorously broaden funding channels to finance construction projects.

The power industry is a basic industry of the national economy. Since reform and opening up, the province's power industry has developed by leaps and bounds, but compared to the sustained and rapid economic growth

and the increasingly widened openness, the contradiction between demand and supply of electric power in Fujian is still very prominent. During the 10 years between 1983 and 1993, a grand total of 8.5 billion yuan was invested in the construction of electric power networks in Fujian. By the end of 1993, the province's total installed capacity had reached 4.3 million kw, ranking middle in the entire country. At present, of the 69 counties (cities) throughout the province, 95 percent have been joined to the networks. Power supply conditions have improved. In particular, along with the construction of large hydro and thermal power projects—including the Shuikou hydropower station, the Shaxikou hydropower station, the Huaneng Fuzhou power plant, the Zhangping power plant, and the expansion of the Yongan thermal power plant—the structure of power networks in Fujian has become more and more rational, and the modernization level has been noticeably enhanced, thus laying a reliable foundation for even greater development in the 1990's.

The basic principle of electric power development in Fujian for the next seven years is: Stressing the key points, speeding up the projects under construction, taking firm control of preliminary construction work, and optimizing structure so as to concentrate efforts on building a number of large thermal power plants in coastal port cities, and to give priority to developing some large and medium-sized hydropower stations having good comprehensive results, to ensure that the nuclear power plant will go into operation as scheduled, to give consideration to building several projects that will serve as emergency power supply, and to transform and expand several old power plants where conditions exist. In this way, we can achieve synchronous development in power supply and the construction of cable grids and distribution networks, and also achieve an organic unity of safety, cost saving, and environmental protection. By the year 2000, total installed capacity in Fujian will reach 11.141 million kw, annual energy generated will reach 49 billion kwh, and annual per capita possession of energy will reach 1,390 kwh.

Fourth, we will hold the commanding height, that is, we will pay close attention to the development of science and high technology. Fujian Province has a relative shortage of land resources. It has not a single drop of petroleum, and its coal reserves are limited and mostly of inferior quality. Its annual iron and steel output is less than 1 million tonnes, and the deficiency is made up by transference from other provinces. Therefore, in readjusting the industrial structure, we must raise the proportion of high scientific and technological industry. At present, Fujian is rapidly constructing a number of high scientific and technological parks in the coastal areas in order gradually to turn these areas into a high scientific and technological strip. Priority will be given to the construction of the 10 major high scientific and technological projects which involve many domains, including biological engineering, marine engineering, electronics, machinery, the petroleum chemistry, the information

industry, and so on. We will do our utmost to achieve the following targets by the end of this century: The output value of high scientific and technological industry across the province will reach 10 percent of the total industrial output value, of which high science and technology using foreign capital will account for 15 percent, and the output value newly increased on the strength of technological factors will reach 50 percent of the total newly increased value.

How To Promote Exchanges Between Fujian and Taiwan

[Tsang] In recent years, considerable headway has been made in economics, trade, cultural, and science and technology exchanges between Fujian and Taiwan. How will Fujian further promote its economic and trade contacts with Taiwan and make contributions to the great cause of peaceful reunification of the motherland?

[Jia] Fujian is separated from Taiwan by a narrow strip of water and is the province on the mainland which is closest to Taiwan. There is a distance of only 70 nautical miles between Pingtan County and Hsin Chu City, of 34 nautical miles between Fuzhou and Ma Tsu, and of just 1,600 meters between Xiamen and Chin Men, so in the first place, there is the geographical advantage. Fujian is the native place of Taiwan compatriots, 80 percent of whom are of Fujian origin, and some political personalities and social celebrities are from Fujian too. Today, nearly 10,000 Taiwan descendants are still living in Fujian. The Fujian and Taiwan people speak the same language, practice similar customs, and have a common cultural tradition. It is precisely owing to this unique relationship of origin that millions of Taiwan compatriots have come to Fujian in recent years to seek roots, visit relatives and friends, and travel and go sight-seeing. With the similarity of culture between the two sides, the economic and trade relationship also will develop steadily.

Up to May this year, the province had approved 3,215 Taiwan-invested enterprises, the contracted amount of Taiwan investment totalled \$4.4 billion, and the capital actually available was nearly \$2 billion. Taiwan capital has become second largest source of foreign capital, which is next only to that from Hong Kong. At present, 1,380 Taiwan-invested enterprises have gone into production and their output value in 1993 amounted to nearly 10 billion yuan. Taiwan businesspeople coming to invest in the mainland have undergone the growing process from small to big, from few to many, and from unitary to comprehensive development and construction. Their investment scope and areas have been repeatedly expanded, their technical level has been constantly raised, and their operation has begun moving toward diversification. Meanwhile, great progress also has been made in Fujian's trade with Taiwan. Up to April this year, the amount of trade with Taiwan totalled \$4.9 billion. A total of 38,000 people were arranged to take labor services in Taiwan through six fishermen labor

service companies for Taiwan with a contracted amount of \$230 million. The province's largest ocean fishing fleet, composed of 24 fishing vessels, was jointly funded by Fujian, Taiwan, and Hong Kong, and has been deep-sea fishing since May last year. In addition, patent transfers and copyright trading have begun to yield good results in the economic and trade cooperation between Fujian and Taiwan.

At present, the relationship between two sides of the strait is in an important development period. In light of the requirements of economic and trade development in Fujian and Taiwan, Fujian will give full play to its advantages and do solid work to accelerate development by basing itself on the entire province while relying on the entire country, with a view to unceasingly increasing its appeal and cohesiveness to the Taiwan compatriots. We will intensify our work primarily in the following three aspects:

1. We will make preparatory work for achieving the "three exchanges" [exchange of mail, exchange of air and shipping services, and exchange through trade] across the Taiwan Strait. Over the past 10 years, Fujian has injected several billion yuan into the construction of airports, docks, and highways. The province now has relatively well-equipped ports and overland communication networks, so conditions for the "three exchanges" have basically matured. The province boasts four first-class ports—Fuzhou, Xiamen, Quanzhou, and Dongsan—and three airports with advanced ground navigation equipment, in Fuzhou, Xiamen, and Wuyishan. In order to more properly cope with the sharp increase in passengers and cargo in the wake of the "three exchanges" so that Fujian will become a transfer station for the "three exchanges," Fujian will mobilize all forces to build infrastructure facilities in the next few years. Recently, the Post and Telecommunications Ministry approved Xiamen as a key area for communications with Taiwan. According to the plan, two large mail handling centers will be built at Xiamen Airport and Dongdu Terminal, and the Xiamen ground satellite station also will be built so that it can be connected to the station in Taiwan at any time. The linkage of communications between Fujian and Taiwan can be effected readily because Taiwan's submarine cable has been laid to Chin Men, and the communication trunk line—optical fiber cable—between Xiamen and Fuzhou, Beijing, Jinan, Nanjing, Shanghai, Hangzhou, and Guangzhou has been put through. Once the submarine cable between Xiamen and Chin Men is connected, telephone communications between Taiwan and various places on the mainland will proceed without hindrance.

2. We will further broaden new paths for economic and trade cooperation between Fujian and Taiwan. In accordance with the trade orientation of absorbing foreign investment, Fujian will absorb Taiwan investment primarily in such industries as paper making, building materials, electronics, machinery, and so on, in which it holds a dominant position. It will vigorously develop

labor-intensive industries including foodstuffs, textiles and other light industries, the chemical industry, and so on. It will guide Taiwan investors in giving priority to investment in heavy industries such as the petrochemical and the iron and steel industries. It will fully exploit the province's advantage of agricultural cooperation with Taiwan and guide Taiwan businessmen in investing in agriculture through development, as well as agriculture that earns foreign exchange through exports. It will promote cooperation between Taiwan's medium-sized and small enterprises and Fujian's town and township enterprises in coastal areas in order to achieve common development. It will absorb Taiwan financial capital to facilitate financial cooperation between the two sides. It also will adopt preferential policies to lead Taiwan consortia in investing in Fujian's infrastructure construction.

3. We will enhance economic work with Taiwan so as to serve our economic construction. To this end, we will set up and amplify consultancy and service organizations to act as go-betweens for Taiwan investment; conscientiously intensify management of and coordination with Taiwan-invested business; speed up project examination procedures; and enhance follow-up services. Pertinent departments will provide periodic assistance to Taiwan investors in resolving problems and difficulties in the course of investment, production, and operation. The Taiwan investment protection law should be put into practice seriously so that the legitimate rights and interests of Taiwan investors will be really protected, and particular attention should be paid to accepting cases of complaints lodged by Taiwan investors.

[Tsang] In which areas can Hong Kong investors cooperate with Fujian? Are there any examples of successful cooperation with high return rates?

[Jia] Hong Kong has an irreplaceable role to play in Fujian's economic development. Over the past few years, nearly 50 percent of Fujian's goods have been exported via Hong Kong, and Fujian also has made use of Hong Kong's status as an international financial center for extensive fund-raising. Hong Kong also serves as a bridge from Fujian to Southeast Asia and Taiwan. In the future, following the repeated expansion of Fujian's foreign economic and trade undertakings, Hong Kong's important role will be exercised even more fully. We will encourage Hong Kong businessmen to conduct multi-level and multichannel exchanges and to invest in all industries that conform to the orientation of social and economic development. With regard to investment in infrastructure construction, we will adopt different compensatory measures in a comprehensive way.

In recent years, Hong Kong personalities from the enterprise sector have reaped excellent results from their investments in Fujian. More than 85 percent of the enterprises have scored satisfactory economic results, of which the achievements attained by the Xiamen Huaqiao Electronics Company Limited, the Xixin Electronics Company Limited, the China International Steel

Products Company Limited, the Zhangzhou International Aluminum Container Company Limited, and so on are particularly outstanding. Last year, among the several thousand foreign-invested enterprises in Fujian, the output value and sales income of the above-listed companies were among the top 20.

Concrete Deployments for Expansion of Overseas Cooperation

[Tsang] There are numerous overseas Chinese of Fujian origin, which is one of Fujian's advantages. The Philippine president also hopes to promote cooperation with China with the aid of overseas Chinese of Fujian descent who reside in his country. Are there any focal points or specific deployments for Fujian to expand its overseas cooperation?

[Jia] There are more than 8 million Chinese nationals residing abroad or overseas Chinese of Fujian origin, who are distributed mainly in Southeast Asian countries, including the Philippines, Singapore, Malaysia, and so on. Among them, there are many famous industrialists and financiers. This is one of Fujian's major advantages. Since reform and opening up 15 years ago, along with the development of situation and improvement of relations between China and the neighboring countries, more and more overseas Chinese and Chinese nationals residing abroad, who are of Fujian origin, have come to Fujian for sight-seeing, observation, visits, and talks on investment and trade cooperation. They have played a major role in promoting economic and trade cooperation between Fujian and various regions in the world. We should note that the efforts made by the overseas Chinese and Chinese nationals residing abroad, who are of Fujian origin, in developing economic and trade relations between China and foreign countries have contributed not only to the modernization of Fujian, but also to the economic development of the countries where they reside. As everybody knows, when the heads of state of Malaysia, the Philippines, and other countries came to visit China in the last two years, many accompanying personalities from industrial and commercial circles were people of Fujian origin. It is obvious that the governments of some Southeast Asian countries also pay serious attention to exercising the role of overseas Chinese and Chinese nationals residing abroad in an effort to develop economic relations and trade cooperation with China.

[Tsang] At the start of this year, the National People's Congress [NPC] adopted a proposal to grant independent legislative power to the Xiamen City People's Congress. Without doubt, this will play the role in promoting development in the Xiamen SEZ. Secretary Jia, how will Xiamen make use of this proposal to practice free port policies here?

[Jia] On 22 March this year, the Second Session of the Eighth NPC passed a decision granting legislative power to Xiamen. We are making use of this power to promote the further implementation of certain free port policies

and to create a fine legal environment for practicing such policies. This year and next, we will put a greater emphasis on the formulation of laws and regulations for the practice of free port policies. First, we will formulate management measures along the the Xiamen SEZ control line. The Xiamen Gaoqi joint inspection building has been completed, and close attention has been paid to the construction of the SEZ control line. Through the formulation of such regulations, we will establish a new management structure under which the first line will be opened and the second line will be improved so as to create conditions for the implementation of certain free port policies as soon as possible. Second, we will formulate management regulations on the Xiamen Xiangyu bonded area and relevant coordinated stipulations. The bonded area, which is set up outside the national boundary and customs area, will be an open region practicing closed and segregated management. As far as tariffs and import and export licenses are concerned, goods can be shipped freely into the bonded area from places outside the territory or vice versa, and be transferred freely within the bonded area. By formulating the regulations and relevant coordinated stipulations, we will define the position, functions, relevant policies, and management structure of the Xiangyu bonded area, and fully display the three major functions of the bonded area in export processing, storage of bonded goods, and international trade, so as to accelerate the development of the export-oriented economy and of international trade in Xiamen. In the meantime, by formulating the abovementioned regulations and stipulations, we will bring into full play the role of the Xiangyu bonded area as a free port experiment so as to provide useful exploration and experience in both theory and practice for further implementing certain free port policies in Xiamen. Third, we will formulate management measures for Xiamen's bonded market for means of production. Xiamen should make full use of this market in importing and exporting goods, and positively draw in Taiwan and overseas enterprises to participate in the operation of the market. In this way, we will enable Xiamen to become a major place of purchase and supply of imported means of production for domestic enterprises, and a distribution and demonstration center for Taiwan goods, so that the means of production imported into Xiamen after the SEZ's control line comes into force all will be bonded and free of customs duties. The formulation and implementation of management regulations on the bonded market for means of production will lay a foundation and create conditions for the free entry and exit of goods, as required by free port policies, to be practiced in Xiamen. Fourth, we will formulate regulations and other Taiwan-involved regulations to encourage Taiwan compatriots' investment in Xiamen. Xiamen's work for Taiwan affairs and exchanges with Taiwan in various areas are beneficial to promoting economic and trade cooperation between the two sides and to the construction and development of the Taiwan investment district in Xiamen. The implementation of certain free port

policies calls for a greater degree of freedom and convenience for personnel to enter or exit the territory, and for funds to flow in and out. Xiamen's draft regulations on encouraging Taiwan compatriots' investment provide for allowing Taiwan compatriots to set up financial institutions—such as banks, finance companies, and so on—in Xiamen. This provision will facilitate the movement of Taiwan funds into and out of Xiamen. Such Taiwan-involved legislation is conducive to pushing forward the implementation of certain free port policies and to ensuring the freedom of entry and exit for personnel and funds. Fifth, we will formulate laws and regulations on establishing and developing a market economy. With this legislation, Xiamen will take the lead in establishing a socialist market economy structure so that it will be able to merge with the international market at an early date and thus facilitate Xiamen's further implementation of certain free port policies.

[Tsang] Have you considered allowing foreign businessmen to visit Xiamen with "on-arrival entry visas"?

[Jia] Xiamen is one of China's major ports in its endeavor to open to the outside world and also one of the major ports of entry and exit for Taiwan compatriots. There are several hundred thousand people entering or leaving Xiamen through its harbor and airport each year. A total of 495,000 passengers entered and left Xiamen through Gaoqi International Airport in 1993 alone, holding fourth place in the entire country. Among them, 50 percent are Taiwan compatriots. In order to further implement the guidelines of the CPC Central Committee and the State Council on "practicing certain free port policies" in the Xiamen SEZ, to make further efforts to absorb foreign capital, to promote economic and trade cooperation and scientific and technological exchanges with Taiwan, and to further develop the export-oriented economy of the Xiamen SEZ, it is imperative to further simplify entry procedures for foreigners, overseas Chinese, and Hong Kong, Macao, and Taiwan compatriots.

Xiamen is one of the country's 14 coastal cities approved by the State Council in 1984 for direct handling of visas. After 10 years of construction and practice, the port infrastructure facilities have been repeatedly perfected, rich experience regarding visa formalities has been unceasingly accumulated, and the soft and hard environments and conditions for handling entry visas on the spot have been basically created. At present, in accordance with the requirements of the central authorities and State Council, we have assimilated domestic and foreign practices and experience of handling entry visas on the spot, and are making positive preparations for activating the work. We will make further efforts to improve the management work of handling visas and other documents at Gaoqi International Airport and the Heping Terminal, and will draw up appropriate rules and regulations on examining, approving, and processing visas so that the handling of entry visas on the spot will make due contributions to maintaining state

security and social stability, giving impetus to economic development, and strengthening the work of Taiwan affairs.

Prospects for the "Haicang Plan"

[Tsang] Wang Yung-ching's investment plan—the "Haicang Plan," which has attracted worldwide attention—has been shelved. What about the prospects for its development?

[Jia] The Haicang investment district, covering an area of 100 square km, is situated in the north shore of the mouth of the Jiulong Jiang. It faces Xiamen island proper on the east, lies contiguous to Longhai County of Zhangzhou City in the west, and overlooks Maluan Wan and the Fuzhou-Xiamen-Zhangzhou Expressway in the north. Since reform and opening up, and particularly since the founding of the special zone, Xiamen's economy has attained unprecedented development. As the urban district layout and industrial distribution on Xiamen island proper gradually have been saturated, the development and construction of Haicang have become a guaranteed condition for economic takeoff in greater Xiamen. In May 1989, the State Council officially approved the opening up of Haicang as a Taiwan investment district, thereby raising the curtain on developing and building Haicang. Given the adjustment of Mr. Wang Yung-ching's investment intention in Haicang, our determination to develop and build Haicang remains unchanged, and the construction of infrastructure facilities is going on as usual. In order to speed up construction in Haicang, the State Council once again enlarged the scope of soliciting business worldwide at the beginning of this year. This is of extremely vital significance for shaping the framework of greater Xiamen, forming Xiamen's second economic growth pole [ji 2817] in a relatively short period of time, effectively soliciting foreign business and importing foreign capital, and accelerating development in Haicang.

There are extremely broad vistas for the development of Haicang. It boasts the advantages of a fine deep-water harbor, its proximity to the special zone, and its good conditions for development. It is a rare and valuable place for developing large-scale industries in China's coastal region. Haicang's port area has a coastline of 5 km and the harbor has a vast body of water which is 10 meters deep, 13 nautical meters long, and 3 nautical meters wide. It is linked with the Taiwan Strait through the Qingyu water course. The seabed and navigation course survey and coastline planning have been completed, and the construction of 12 to 13 berths will begin in the near future. The largest of them can be used by 150,000-tonne-class ships, and the total handling capacity will exceed 20 million tonnes upon completion and 40 million tonnes in the long term. Haicang port is midway between Shanghai and Guangzhou, which is a suitable geographical position, convenient for port contacts with Southeast Asia and other regions in the world. Hence, it is a rare, fine deepwater harbor.

After several years of investment, development, and construction, the infrastructure facilities in Haicang have begun to take shape, and the conditions for large-scale development and construction basically have matured. With respect to communications, Haicang is situated in the golden-triangle area of southern Fujian and has good transport facilities. Xiamen Bridge and Haicang Bridge—the latter being under planning—will link Haicang closely to Xiamen island proper. The seven planned traffic trunk lines in Haicang district, six of which have started construction, are all first-class highways. Among them, Sugang Lu as well as Huancheng Lu and Haixin Lu in western Xinglin have been completed and opened to traffic, and the others are partially opened to traffic. With respect to water and power supply, the former comprises the expansion of the Xinglin water supply factory and the construction of the Maluan water supply factory, and the latter is the Xiongyu power plant, which is under construction, with an installed capacity of 2.4 million kw. The first-phase project of two 300,000 kw generating units were started at the end of 1992, and the first 300,000 kw unit will be put into production in 1995.

In accordance with the natural and geographical conditions of Haicang district, and the current international and domestic economic situation, Haicang will be built into a new, modern district of the 21st century for the export-oriented economy and multiple functions. In light of the development idea of "high starting point, supernormal speed, and leaping style," Haicang will fully display the advantages of its geographical position to push forward construction area by area under overall planning. By adopting preferential measures for industries, we will set up four major backbone industries comprising the chemical, automobile, electronics, and machinery industries, and will build Haicang into an important base for developing economic and trade cooperation between Fujian and Taiwan, as well as a modern new district with fund and technology intensive industries as the main body and a rational distribution of small areas with various functions, in which the secondary industry will contribute to the development of the tertiary industry.

Jiangsu Province's Booming Private Economic Sector

OW2907101594 Beijing XINHUA in English 0810
GMT 29 Jul 94

[Text] Nanjing, July 29 (XINHUA)—The private economic sector is flourishing in Jiangsu Province, east China, which is promoting the development of its market economy.

By the end of June this year the province had more than 1.208 million private industrial and commercial businesses.

Those businesses delivered 1.35 billion yuan in taxes to the government in the first six months of this year, an increase of 35.8 percent over the same period of last year.

Jiangsu's private economic sector employs 2.106 million people and its industrial output value amounts to 5.5 billion yuan a year.

Many of the businesses are producing export-oriented products.

Last year saw Jiangsu's private sector set up 86 foreign-funded enterprises and export 71.46 million U.S. dollars-worth of goods.

Jiangsu Province Boosts Animal Husbandry

OW2907101394 Beijing XINHUA in English 0903
GMT 29 Jul 94

[Text] Nanjing, July 29 (XINHUA)—The abundance of fresh meat, eggs and fish on the markets of Jiangsu Province are a feast for the eyes of locals and visitors alike.

The output value of animal husbandry in Jiangsu reached 29.7 billion yuan last year, which was 40 percent of the total agricultural output value of the province, as against 18 percent in 1978.

Jiangsu produced 2.38 million tons of meat, 1.32 million tons of eggs and 1.57 million tons of aquatic products, all reaching historical highs, last year.

Until the late 1970s, when China started the national reform and opening further to the outside world, breeding had played a minor role while the growing of grain, cotton and rape was the mainstay of agriculture.

But to meet the demands of consumers, the provincial government has paid attention to both the quality and quantity of livestock, poultry and aquatic products since the mid-1980s.

As a result, the amount of meat, eggs and rapeseed oil consumed in Jiangsu is much more than the country's average.

And over two-thirds of the increased income of farmers last year came from raising various kinds of poultry, livestock and aquatic produce.

At the same time, farmers have introduced the breeding of new kinds of fowls, such as wild ducks, pheasants and pigeons, for meat, and special aquatic products, including eels, soft-shelled turtles and river crabs. The breeding area reaches 66,666 ha and the output value is over one billion yuan, 12 percent of the total aquatic output value.

Over the last ten years Jiangsu has set up several breeding bases, 30 for lean pork, 15 for goats, four for oxen and six for water fowls.

Shandong Governor Arranges for Second Half of Year Work

SK2907014794 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Jul 94

[Text] On 27 July, the provincial government held an enlarged plenary session to summarize the work in the

first half of this year and to arrange for the work in the second half. The session mobilized all professions and trades in the province to extensively and profoundly launch the activities of increasing production and practicing economy and increasing revenues and reducing expenditures in a bid to ensure the fulfillment of all annual tasks and promote the development of reform, opening up, and modernization.

After analyzing the work situation in the first half of this year, Governor Zhao Zhihao defined the subject of the work in the second half as extensively and profoundly launching the activities of increasing production and practicing economy and increasing revenues and reducing expenditures. In the second half of this year, major targets of these activities are: Effect an all-round increase in the rural economy. The total provincial agricultural output value should increase by 5 percent or more over the same period last year; the proportion of output value of animal husbandry and aquatic products industry should rise by 5 percentage points; and output of grain, cotton, and edible oil should increase steadily. The total output of autumn grain should reach 20 billion kg or more, nearly matching or being slightly more than last year's. Total cotton output should reach 14 million dans or more, total output of edible oil should reach 50 million dans or more, and the per capita net income of peasants throughout the province should increase by 150 yuan or more. In addition, industrial production should maintain a steady increase. Industrial enterprises at or above the township level throughout the province that exercise independent accounting should reach 96 percent in the marketing rate of their products, effect a 20-percent increase in profits tax, and effect a 10-percent increase in profits. Circulation enterprises should reverse the declining trend of efficiency. Foreign export trade should effect simultaneous increases in speed and efficiency. The scale of foreign funds utilized should be expanded further, investment structure be readjusted further, and investment efficiency be improved. Financial revenues and expenditures should be kept in balance, and fund shortage should be alleviated.

Zhao Zhihao pointed out: Launching the activities of increasing production and practicing economy and increasing revenues and reducing expenditures is not merely a matter of certain departments or trades, is not merely the matter of economic departments, and is still less of an expedient measure for resolving certain current problems in society. All professions and trades should go into action to overcome prominent problems and weak links in their work one after another. All measures should be geared to increasing efficiency and to fulfilling annual tasks.

Zhao Zhihao stressed: To fulfill all economic and social development targets this year, we are confronted with relatively more difficulties and extremely arduous tasks. Under such a situation, we should all the more pay attention to ideological and political work and should firmly grasp this work by combining it with economic

work. In the course of doing economic work, we should not merely pay attention to the economy to the neglect of politics. In building materials civilization, we should not forget spiritual civilization; in promoting development, we should not forget reform and stability; and in accelerating opening up, we should not forget opposing corruption. We should educate, train, and evaluate cadres to enhance their overall point of view, their awareness of party spirit, their understanding of policies, their sense of organizational discipline, their ability of resolving practical problems, and their spirit of performing official duties honestly and diligently.

Shandong Official on Employment Through Market Competition

SK2907014894 Jinan DAZHONG RIBAO in Chinese 13 Jul 94 p 2

[Article by Niu Yaozong, director of the Shandong Provincial Labor Department, entitled: "Employment Under the Market Economy"]

[Text] The 14th party congress set new higher demands on employment work. Conscientiously analyzing the new situation and the new problems in employment cropping up in the province in the course of shifting to the market economy and studying and working new ideas and countermeasures for reforming the employment system and expanding the scale of employment under the socialist market economic conditions is of extreme significance in deepening reform, expanding the scale of opening up, accelerating economic development, and maintaining social stability.

By vigorously cultivating and developing the markets for labor forces, deepening the reform of the employment system, and basically defining the dominant position of market-oriented employment, a market-oriented employment situation under the guidance of the state policies has preliminarily taken shape. Over the past years, our province's unemployment rate was kept under 3 percent. However, we must notice that in the foreseeable future, our province's employment situation is very grim. We are also confronted with some prominent contradictions and new problems. For instance, the contradictions due to the uneven development of the regional economy are extremely prominent. Laborer accommodation capability of enterprises has declined noticeably. Particularly, our province has a large population, and the supply of laborers exceeds the demand. Over 650,000 urbanites are expected to seek employment this year. Although great efforts are being made to expand employment, more than a half of them will find it difficult to find employment by the end of this year. Plus, the vast rural areas of our province still have a surplus of over 10 million laborers. Driven by an awareness of commodities and economic interests, surplus rural laborers will move to urban areas and unavoidably fill some of the job vacancies in urban areas at an accelerated pace. This has complicated urban employment. Therefore, labor departments should further

emancipate the mind, renew their ideas, accurately treat these contradictions and problems, expand the dynamics of reform, and achieve the market-oriented employment work in the new situation.

To achieve results in urban employment work, we should shift the focus of employment from "three connections" to market orientation. We should assimilate social employees mainly through regulation and control according to the state policies and through the improvement of economic results so as to actually shift the orientation of employment from the state and enterprises' guarantee for employment to employment through market competition. We should persistently orient ourselves toward the market, introduce a competition mechanism, and promote the reasonable flow and distribution of laborers. We should enable the broad masses of job seekers to understand that only when they upgrade their own quality, throw themselves into markets, and positively compete with one another will they be employed as soon as possible. In regard to the channels for employment, we should shift the focus from the arrangement of jobs by the state sector of the economy and the secondary industry to that by the nonstate sectors of the economy and the tertiary industry and have the nonstate sectors of the economy and the tertiary industry become the main channels for employment. Labor service enterprises should bring into full play their functions for regulating and storing up laborers and balancing the unemployment rate so as to strengthen their self-development. We should change the main targets for job arrangements from urban employees to both urban employees and jobless staff members and workers. Localities with conditions should also extend the targets for employment to enterprises' surplus personnel. We should change the forms of employment from contracted workers alone to contracted workers, temporary workers, day laborers, and hourly-pay workers. Along with the reform of employment forms, we should also formulate, as soon as possible, supporting insurance measures for the aged as well as for employees so as to eliminate employees' troubled backs. We should change the scale of employment work from urban employment alone to both urban and rural employment. We should regard the full development and reasonable use of urban and rural labor resources as a point to start employment work; manage, in an orderly way, the transfer of over 10 million surplus rural laborers; and also vigorously develop the export of laborers. Labor departments should change their functions from simple administrative management of employment to market management and service. We should change the practice of defining employment quotas and contracting for employment under the planned economic system to offer good service for employment and promote the reasonable development and utilization of labor resources.

Labor employment is a major matter relating to the national economy as well as to social development. The solution of the problems in employment cannot be divorced from the attention by the party committees and

the governments and the development of the local economy. To achieve results in employment work in the new situation, we must closely connect employment with economic development, formulate and regulate employment policies in a timely manner, introduce competition mechanisms, and realize full employment. Simultaneously, we should positively explore ways for coordinating the employment policies with the policies on rural economic development, foreign trade, education, and population; handle well the relationship between employment and urban construction, enterprise reform, and the development of the poverty-stricken areas with support; and create more relaxed environments and conditions for labor employment.

Shandong Meeting on Township Enterprise Development Ends

SK2907025694 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 28 Jul 94

[Text] The provincial meeting of directors of city and prefectural bureaus in charge of township and town enterprise in Laizhou city ended on 28 July. The meeting summarized the work in the first half of this year, made an all-round analysis of the current situation township and town enterprises face, and discussed the ideological train and measures for accelerating the development of township and town enterprises under the new situation.

Vice Governor Wang Jiangong attended and addressed the meeting. In the first half of this year, the province's township and town enterprises effected simultaneous increases in growth rate and economic results after having overcome the problems of serious fund shortages and sharp competition on markets. From January to June, the total output value of township and town enterprises throughout the province amounted to 360 billion yuan, and the profit tax paid by these enterprises totaled 30 billion yuan, both a record high in history. However, township and town enterprises still face many difficulties and contradictions at present, and the task of further developing township and town enterprises remains very arduous. For this reason, Vice Governor Wang Jiangong demanded: The vast number of cadres, workers, and staff members should keep sober-minded, further enhance their understanding, and further strengthen leadership in order to create a fine external environment for the development of township and town enterprises. Party committees and governments at all levels should approach the development of township and town enterprises by regarding it as a strategic emphasis of invigorating Shandong's economy and should focus development on increasing economic results. The reform of township and town enterprises should be deepened further to strive for development through reform. In the process of reforming the property rights system, the principle of seeking truth from facts must be upheld. At the same time, the reform of the property rights system must be aimed at clearly defining the relations of property rights, optimizing operational mechanism, and

improving economic results. We should never seek simplicity and uniformity in all endeavors, not to speak of issuing administrative orders. By doing so, we can actually maintain and increase the value of assets owned by collectives.

District in Shandong

*OW2907100994 Beijing XINHUA in English 0805
GMT 29 Jul 94*

[Text] Yantai, July 29 (XINHUA)—Yantai city in Shandong Province has started the construction of the Daiwang Mountain Village Tourism and Holiday District.

Occupying 27.3 ha, the tourism district is designed to have nine apartment buildings with 624 apartments, 50,000-sq-m of villas, a shopping center with a floor space of 60,000 sq m and a sports club.

The total investment in the project will be one billion yuan.

Before the construction of the project was started, Yantai invested in the construction of sea beach, landing stages and seafood restaurants.

The city is now preparing for the construction of the Huanghai Entertainment Town, which will include an aquarium, children's amusement park and swimming pools.

The Daiwang Mountain Village Tourism and Holiday District and the Huanghai Entertainment Town are situated by the Yantai-Weihai express highway, which is expected to open for traffic in October this year.

Shandong's Qingdao Combats Crimes Against Tourists

*SK2807134394 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 27 Jul 94*

[Text] The hideous phenomena of entrapping customers to gain staggering profits, which has been committed by a number of proprietors involved in the catering trade and tourist services in Qingdao and which has been recently exposed by journalists, has created strong social repercussions. The Qingdao party committee and people's government recently adopted a decision to organize all forces to concentrate efforts on resolutely waging a strict struggle against these phenomena as well as theft and robbery.

The public security bureau, the people's procuratorate, and the people's court of Qingdao recently issued an announcement on dealing strict blows at the stealing of public property and those crimes committed by the catering trade and tourist services. The city's price bureau also issued provisional methods as well as detailed rules and regulations on encouraging people to report illegal price increases. The city's departments of tourism, business, and industry and commerce also put forward their relevant regulations for this purpose. They

also assigned special task forces to immediately investigate and handle cases of extorting money from customers. These unlawful business firms—which include the Tiangong Hotel, whose malpractice was reported by our station—have had their doors shut or their proprietors arrested.

Shandong Province Expands Livestock Industry

*OW2907100794 Beijing XINHUA in English 0814
GMT 29 Jul 94*

[Text] Jinan, July 29 (XINHUA)—Farmers in east China's Shandong Province are raising more domestic animals and fowls to meet the needs of the market.

The proportion of chickens, oxen and sheep in the province's total livestock has risen to 63 percent at present from 55.6 percent in 1990. Pork is no longer the dominant meat product on the market.

Shandong produces more mutton and beef than other provinces, and its output of chicken ranks second in the country.

So far, 450,000 households, 1,000 villages and 1,000 large farms are specializing in livestock farming.

Moreover, more and more farmers are combining livestock breeding with livestock products processing and trading.

Shandong has set up a large number of markets for livestock and animal by-products.

Fine varieties of chicken are being raised all over the province, and 62 percent of the pigs are of the lean-meat varieties.

In order to promote animal farming, Shandong has improved its feed production. Over 1,000 feed plants in the province provide seven million tons of mixed feed every year.

Jinan Military Region Celebrates Founding Anniversary

*SK2907025394 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 28 Jul 94*

[Text] On the afternoon of 28 July, the club of the Jinan Military Region was permeated with a festive atmosphere, because leaders of the Jinan Military Region and retired veteran cadres of the People's Liberation Army [PLA] units stationed in Jinan happily gathered there to commonly celebrate the 67th anniversary of the founding of the PLA.

Attending the tea party were leading comrades of the Jinan Military Region and leading comrades of the region's organs, including Zhang Taiheng, Song Qingwei, Yang Guoping, Pei Huailiang, Zhang Wentai, Qian Guoliang, Tan Naida, Hao Baoqing, He Shanfu, Chang

Lihui, Yuan Shoufang, and Shan Jilin. The tea party was presided over by Song Qingwei, political commissar of the Jinan Military Region.

Zhang Taiheng, commander of the Jinan Military Region, made an ebullient speech at the party on behalf of the party committee and the organs of the Jinan Military Region. He said: The 60-odd years' history of our Army is the history of unity and struggle and the history of successful development under the leadership of the CPC, as well as the history of dedication and the history of honor of the vast numbers of veteran comrades. Zhang Taiheng expressed hope that all veteran leaders and comrades, as well as vast numbers of retired cadres of the Jinan Military Region would, as always, care about the building of the Army and make concerted efforts to build the Army well.

At the tea party, (Qianwei) Song and Dance Ensemble of the Jinan Military Region staged brilliant art performances for veteran cadres.

Jinan Military Region Commends PLA Units in Changdao

SK2807140994 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 26 Jul 94

[Text] Song Qingwei, political commissar of Jinan Military Region, delivered a speech at the commendation and experience-exchange meeting for developing the cherishing-the-island spirit as displayed by People's Liberation Army [PLA] units stationed on the island county of Changdao.

In his speech he pointed out: We should train more revolutionary soldiers with lofty ideals and moral integrity, as well as be well-educated and self-disciplined, by integrating the spirit which regards the island as a home, the arduous work done on the island as a glory, the motherland as important, and contribution as a basis, with the drive of learning from Lei Feng and Xu Honggang.

The meeting was held in Changdao County from 24 to 26 July. Presenting their inscriptions to the commendation meeting were Chi Haotian, councillor of the State Council and minister of national defense; Zhang Wannian, member the Central Military Commission and chief of the General Staff of the PLA; and Zhang Taiheng, commander of the Jinan Military Region.

During the meeting, the participating personnel reviewed and summarized the 45-year process in which the cherishing-the-island spirit has been fostered and developed, as well as made pledges and mobilized for further developing the spirit and realizing new and better achievements in implementing the spirit.

During the meeting, 32 veteran soldiers still working on the island, 22 advanced collectives, and 36 advanced individuals from a certain fort district under the military region were commended.

In his speech, Song Qingwei highly appraised the certain fort district for its achievements in fostering such a spirit. He stated: A great age requires a great spirit. We must vigorously develop and implement this spirit. Officers and soldiers throughout the military region should unswervingly put ideological and political construction in first place as did veteran soldiers stationed on the island in the past, should lay a solid foundation for building the armed forces, and should vigorously foster the work style of dealing with concrete matters relating to work. They should continuously consolidate and develop the solid unity between the army and the government as well as between the army and the people, and create a good environment for an economic leap-forward and for coastal defense construction.

Attending the meeting were Liu Guofu, political commissar of the provincial military district; Yang Juqing, deputy political commissar of the provincial military district; and others.

Shanghai Undertakes World Bank-Aided Water Project

OW2807143094 Beijing XINHUA in English 1419
GMT 28 Jul 94

[Text] Shanghai, July 28 (XINHUA)—Work started here today on a World Bank-aided project to pump water from the pollution-free upper reaches of the Huangpu River, which flows through Shanghai.

The World Bank has promised to extend a 110 million U.S. dollar loan to the project, which will be completed at a total cost of 2.68 billion yuan.

When completed, the project will be able to pump 5.4 million cubic meters of water daily to Shanghai, the largest manufacturing center in China.

Shanghai Establishes First Agricultural Development Zone

OW2907100894 Beijing XINHUA in English 0818
GMT 29 Jul 94

[Text] Shanghai, July 29 (XINHUA)—The Pudong new area, an economic development zone in Shanghai, will set up the mainland's first agricultural development zone.

It will be the fifth development zone in the area after the Lujiazui banking and trading zone, the Qinqiao export processing zone, the Waigaoqiao bonded zone and the Zhangjiang high-tech industrial zone.

The Sunqiao agricultural development zone will be located in Sunqiao town, which enjoys convenient transportation facilities and abundant water resources.

Covering four sq km, the zone will be built in three stages.

The first stage, scheduled for completion in 1995, will cover two sq km, mainly for breeding aquatic products, poultry and domestic animals, and growing vegetables and fruit trees.

the second state will concentrate on keeping vegetables and fruits fresh, food processing, and high-tech bio-engineering projects; and the third on constructing tourism and holiday villages and restaurants.

Shanghai Opens First Joint Venture With Toshiba

*OW2807155794 Beijing XINHUA in English 1534
GMT 28 Jul 94*

[Text] Shanghai, July 28 (XINHUA)—The first joint venture between a Chinese company and the Toshiba Corporation of Japan opened here today.

The venture, the Shanghai Xinzhi Electronics Company, is being run jointly by the Shanghai-based Novel Color Picture Tubes Company, the Toshiba Corporation and another Japanese firm called Mitsubussan.

Construction of the venture was completed in less than one year and at a total cost of 49.92 million U.S. dollars.

Using a production line provided by Toshiba, the venture, based in the Caohejing New-Tech Development Zone, will manufacture 4.9 million flat masks annually for 21-inch and 25-inch color TV tubes.

Zhou Jiachun, chairman of the venture, said that some 60 percent of his company's products will be sold back to Toshiba.

He said that China's current annual production of flat masks is about 13 million units, while annual domestic demand for such masks is estimated at 18 million units.

"I think domestic demand for such masks will increase along with the expansion of the domestic market for color TV sets," he said.

"So, I am fully confident in the future of our joint venture," he added.

Sino-U.S. Lighting Joint Venture Set Up in Shanghai

*OW2807144694 Beijing XINHUA in English 1423
GMT 28 Jul 94*

[Text] Shanghai, July 28 (XINHUA)—A Sino-U.S. lighting joint venture was inaugurated today in Shanghai, the leading industrial city of China.

The venture will produce and market lighting products, such as lamps and light bulbs.

Co-funded by General Electric of the United States and Shanghai Jiabao Industrial Corp., the venture involves a total contracted investment of 180 million U.S. dollars.

Shanghai Jiabao Industrial Corp., the largest lighting enterprise in China, produced 15 percent of the country's total light bulbs and 40 percent of its sockets last year. The company's sales volume reached 420 million yuan.

Dalian Linked With Shanghai Foreign Exchange Center

*OW2807144894 Beijing XINHUA in English 1429
GMT 28 Jul 94*

[Text] Dalian, July 28 (XINHUA)—The foreign exchange market in Dalian, a port city in northeast China's Liaoning Province, was connected today with the Shanghai-based China Foreign Exchange Trading Center.

Wang Pingyong, director of the Dalian City Foreign Exchange Administration, said that trading in the Dalian foreign exchange market was heavy today, with 3.41 million U.S. dollars sold and 737,000 dollars bought.

He said that the market will try to increase the types of hard currency for trading in the near future.

Established in 1988, the market now has a 200 square meter trading hall, 30 computer terminals and 18 banks, including six foreign ones, as its trading members.

Since then four billion dollars have changed hands in the market, Wang said, adding that trading amounted to 500 million dollars in the first half of 1994 alone.

Zhejiang Province Promotes Local Economy

*OW2907090694 Beijing XINHUA in English 0757
GMT 29 Jul 94*

[Text] Hangzhou, July 29 (XINHUA)—Zhejiang Province, east China, has produced many rich counties in its effort to promote economic development of different localities on its land.

The province has 40 counties, of which, 21 have been listed among the richest in the country.

The counties in the province used to be in financial difficulty as they exclusively concentrated on grain production. Some counties had to rely on the provincial government for subsidies.

Since China began its national reform and opening drive, many counties have adopted a series of measures to get rich in line with their local conditions by promoting export-oriented production and rural industries.

Rural industrial enterprises are mushrooming in the Ningbo-Shaoxing plain, which has fertile land and an abundant labor force.

These businesses produce an annual output value of more than 20 billion yuan, becoming the mainstay of the local economy.

Yinxian county encourages people from all walks of life to develop an export-oriented economy.

Nearly 300 enterprises have shifted to producing goods for export and created name-brand products like "Shan-shan" suits during the past two years.

The total export volume of the whole county last year hit a record 105 million U.S. dollars.

County economy is flourishing not only in plain area but also in desolate mountainous regions.

School Education Helps Zhejiang Farmers Improve Income

OW2907032994 Beijing XINHUA in English 0152
GMT 29 Jul 94

[Text] Ningbo, July 29 (XINHUA)—Do you want to be well-off? Please attend a farmers' school.

This is a common saying among more than four million farmers in Ningbo, one of China's open coastal cities in Zhejiang Province.

Many of them have completed training courses on scientific farming in 106 schools specially set up for farmers in two-thirds of Ningbo's townships.

Jiang Ganxiang, a simple and honest farmer in Fenghua, east China's Zhejiang Province, applied the advanced skills he learned at a local farmers' school last year to planting bamboo shoots, aiming for good quality and high output.

Jiang earned 3,000 yuan from growing bamboo shoots last year, as against only 1,000 yuan in 1992.

Years ago, no matter how hard he worked in his hilly field of 0.2 ha, Jiang could not grow fresh, tender and high-yield bamboo shoots.

Last year one of his friends suggested that he learn some planting skills in the farmers' technical school in the village nearby.

"Soon after graduating from the school, I began to pay attention to scientific cultivation of bamboo shoots, which now brings me wealth," Jiang said, overjoyed with his happy life.

Like Jiang, more and more farmers in Ningbo are going to the farmers' schools to learn general knowledge about scientific farming and breeding.

Unlike their fathers and grandfathers, the young farmers no longer persist in traditional cultivation.

The schools offer short- and long-term courses, which farmers can choose according to their own conditions and educational backgrounds.

The long courses are graded as technical middle schools, secondary schools and colleges.

At present, over 7,000 farmers are attending 182 long-term classes offering elementary education and practical scientific farming.

And more than 400,000 farmers attend short-term training courses on specific farming annually.

The courses offer different curricula in line with the conditions of different villages and towns.

In the County of Xiangshan, farmers' schools concentrate on training in cotton planting through lectures, correspondence courses, audio-visual programs and on-the-spot guidance. The per unit area yield of cotton there increased to 128 kg last year, doubling that of 1989.

In Cixi, the vegetable base of Ningbo, farmers are given specific training on how to grow vegetables with high quality in hermetically-sealed sheds, and many farmers earned more than 10,000 yuan last year from vegetable planting.

To assist in the development of farmers' schools, the Education Committee of Ningbo allocates a sum of 300,000 yuan every year to outstanding farmers' schools and at least 1.2 million yuan to the opening of farmers' schools in less-developed areas.

Ningbo plans to build such farming technical schools in every town and village in the next four years.

Central-South Region

Guangdong Establishes State, Local Tax Bureaus

HK2907094894 Guangzhou NANFANG RIBAO in
Chinese 28 Jul 94 p 1

[Report: "Guangdong State and Local Taxation Bureaus Open Business Today"]

[Text] In accordance with the decision of the State Council and the approval of the relevant departments at higher levels, the Guangdong Province State Taxation Bureau and the Guangdong Province Local Taxation Bureau were officially established today and opened for business with the public.

It is learned that Yang Chongchun, deputy director of the State Administration of Taxation [SAT], paid a special visit to Guangdong and sent his greetings. Lu Ruihua, member of the standing committee of the provincial party committee and provincial vice governor, and persons in charge of other departments concerned will attend the opening ceremony.

The Guangdong Province State Taxation Bureau is directly under the SAT and is a department-level organ. Its major functions are to carry out the party's line, principles, and policies and the various state tax laws, regulations, and rules and formulate specific methods for their implementation in light of the province's realities; take charge of the collection and management of the province's central taxes, taxes shared by the center and

the province, educational surcharges, taxes from rural bazaars and individuals, taxes on imports and exports, and foreign-related taxes; examine and supervise the implementation of state tax laws, regulations, and rules among all areas, departments, units, and taxpayers throughout the province; take charge of the management of the province's state tax organs, their staff size, personnel, expenditures, and property; and carry out relevant tasks assigned by the SAT and the provincial government.

Subordinate to the provincial people's government, the Guangdong Provincial Local Taxation Bureau is a functional organization at the provincial departmental level in charge of the whole province's local taxes. Its major functions are to carry out the party's line, principles, and policies and the various state tax laws, regulations, and rules, and to study and formulate methods for the collection and management of the business tax, income tax, and all other local taxes; organize the collection of various local income tax revenues; take charge of the collection and management of the whole province's various local taxes, funds for key energy and communications projects, regulatory funds for the state budget, educational surcharges, and various other taxes to be collected on behalf of the SAT; examine and supervise the implementation of state tax laws, regulations, and rules among all areas, departments, units, and taxpayers throughout the province; take charge of the organizations set up within the local tax organs of all cities (excluding county-level cities; the same applies hereafter) and the special local tax establishments approved by the provincial organizational establishment department; examine, appoint, dismiss, and manage the leading groups of the local tax bureaus of all cities; and carry out relevant jobs assigned by the provincial people's government and the SAT.

The Guangdong Province Taxation Bureau is dissolved simultaneously, and the Guangdong Province State Taxation Bureau and Guangdong Province Local Tax Bureau are set up in the former's premises (address: 701-1 Dongfengdong Road, Guangzhou).

The establishment of the two tax organizations at the central and local levels is an important policy decision made by the CPC Central Committee and the State Council in keeping with the requirement of the financial system to share taxes between central and local authorities. The establishment of the Guangdong Province State Taxation Bureau and the Guangdong Province Local Taxation Bureau is of great significance to promoting the establishment and development of the province's socialist market economic structure, ensuring the tax revenues of central and local authorities, enhancing state macroregulation and control, and promoting the development of Guangdong's society and economy.

Guangdong Retail Market 'Sliding Down'

HK2807150894 Beijing ZHONGGUO XINWEN
SHE in English 1326 GMT 28 Jul 94

[Text] Guangzhou, 28 Jul (ZHONGGUO XINWEN SHE)—The Guangdong market with its retail value

making up 10 percent of the country's total is now sliding down. Commercial enterprises and other kinds of dealers here are launching their sales campaigns again by lowering goods prices.

Many big specialized shops and department stores in Guangzhou, capital of the province, are now promoting their sales through deducting commodities' prices. For instance, the price of a quality suit lowered from RMB [Renminbi] 800 of several months ago to mere RMB 100 at present. Air-conditioners with their original marked prices of RMB 5,000 to 6,000 each have dropped by RMB 1,000 to 2,000.

Except for grain and other agricultural by-products, all consumer goods, food and drink, tourist requisites, general commodities are on sale with big discounts.

Guangdong enjoyed a booming market in previous years and all trades and industries there were flourishing. Last year's growth of the retail value hit 34.4 percent over the same period of the previous year, actually increasing by 13.4 percent (deducting inflation factor), becoming the second best year for goods sale since 1988.

Since the beginning of this year, such a heated market in the province has been cooling down with the actual growth of sales value dropping from 10 percent in the first quarter of this year to 9.5 percentage points by the end of late second quarter. Such a growth in the first half of the year dropped by 3.8 percent over that in the previous year.

In the first half of this year, the Guangzhou market with its retail value accounting for 10 percent of the province's total in the past also saw its actual growth of retail value dropping to 6.4 percentage points from 15 percent on average last year.

Experts attributed the slide of market demand to the following factors.

First, investment in the province dropped. Last year the province realized its retail value of over RMB 140 billion. Some RMB 30 billion out of the investment in real estate and economic development zones turned to be used as consumption funds. The growth of investment in fixed assets in the first six months of this year sharply reduced by 63 percent.

Second, the province this year has suffered from a shortage of funds. Bank loans in the province this year have been tightened with loans to industry for circulation funds in the first half this year has been reduced by RMB 1.6 billion compared with the same period last year and loans for real estate by 11 percent.

Third, problem of overstock of product is worsened. The inventory of air-conditioners in China this year is predicted to be 1.2 million. Guangdong as the main production base of such machines in the country will suffer tremendously.

Fourth, inflation is getting worse in the province. In the first half of this year, owing to the price rise, residents' daily spending increased by 21.2 percent. The actual average income of residents last year increased by 10 percent while such growth in the first four months this year was only 7.6 percent.

The slide of the whole country's market in the first half of this year was certainly not good news to Guangdong. The gross retail value across the country reportedly increased by only 4.8 percent, dropping by 6.8 percentage points from the 11.6 percentage points last year. Guangdong with one third of its products sold outside the province has been given a heavy blow in this sector.

International Tourism Exhibition Opens in Guangzhou

*OW2807142994 Beijing XINHUA in English 1414
GMT 28 Jul 94*

[Text] Guangzhou, July 28 (XINHUA)—The four-day '94 Guangzhou International Tourism Exhibition opened today in this capital city of south China's Guangdong Province.

Participants at the exhibition include overseas governmental tourism organs, airline companies, travel services, hotels and industrial ventures concerned with tourism production.

China's tourism market is drawing more and more attention from overseas tourism personnel, according to an official in charge of the exhibition.

Many overseas airline companies expressed the belief that great potential exists for more and more Chinese to travel abroad. A dozen such companies have come to the exhibition from Germany, Brazil, Canada, the United States and France.

With Guangzhou as an important tourist city and port city, the exhibition will surely promote international exchange and cooperation, the official said.

The city will hold another large-scale exhibition, the '95 Guangzhou International Tourism Exhibition, in May next year.

Shenzhen Establishes Anticorruption Bureau

*HK2807153894 Beijing ZHONGGUO XINWEN
SHE in English 1357 GMT 28 Jul 94*

[Text] Shenzhen, 28 Jul (ZHONGGUO XINWEN SHE)—The municipal Anti-Corruption Bureau of Shenzhen has been formally set up today.

Following the rapid economic development and increasing awareness of anti-corruption, more and more citizens report cases of corruption and bribery. Thus fighting against economic crimes and dealing with corruption have become the most urgent task at the moment. In the first half year, the municipal Procuratorate of Shenzhen had dealt with 90 cases and 112

people involved in corruption had been investigated. Compared with the corresponding period last year, cases placed on files increased by 34 percent, serious cases increased by 43 percent, whereas the retrieved illegal fund was RMB [Renminbi] 28.84 million and HK\$ 2.49 million [Hong Kong dollars].

The bureau set up today is under the municipal People's Procuratorate of Shenzhen. It has five units and more than 70 staff. Its detection divisions one and two are responsible for investigating and handling cases. Economic crime reporting centre is responsible for receiving citizens' reports on economic crimes. Comprehensive guidance division assists investigating within or outside Shenzhen municipality. Prevention division checks loopholes in management and prevents crimes.

Shenzhen Cadres Acquire Housing 'Illegally'

*HK2807145894 Beijing ZHONGGUO XINWEN
SHE in English 1135 GMT 28 Jul 94*

[Text] Shenzhen, 28 Jul (ZHONGGUO XINWEN SHE)—Quite a number of leading officials of enterprises or cadres of party and government organs were reported to commit violation of discipline to secure housing in Shenzhen. The Bureau of Administrative Supervision handled 18 cases involving 48 persons between last June 1 and July 15 alone.

Various kinds of ploys were employed by these persons to illegally occupy housing. Some of them were found to make use of public fund to buy housing while they have had their own private housing units already. Persons accused of committing breach of discipline were mostly directors of factories, managers and chairmen of boards and some of them played tricks to obtain housing. For example, a deputy director of the office of a particular entity falsified a marriage certificate for a single manager of the entity as well as a document for his wife's entry into the municipality with an eventual aim of obtaining housing. Some persons were accused of building for leading cadres a housing unit which had its space far beyond the standard size. The ploy involved violation of regulations to change the blueprint without authorization. Nepotism was employed to secure allocation of housing. Some officials abused their power to get housing for their relatives or for themselves in the name of their relatives.

Furnishing of housing by making use of public fund which was of great value was quite serious. Public grievance was aroused as a result. A manager of a particular company was found to use public fund worth RMB [Renminbi] 400,000 to decorate his housing and buy furniture.

As the economy proceeds at a fast pace and leading cadres enjoy much more power, corruption is inevitable because no effective supervision is possible at present. The Shenzhen supervision bureau will harshly deal with officials accused of violating discipline to obtain housing.

Guangxi Industries Assess Cost of Floods*HK2807144994 Beijing ZHONGGUO XINWEN
SHE in English 0935 GMT 28 Jul 94*

[Text] Nanning, 28 Jul (ZHONGGUO XINWEN SHE)—The catastrophic flood in June and July had caused heavy losses to industrial and mining enterprises of Guangxi. Therefore the most urgent issue at the moment was to resume production.

According to Statistics Bureau of Guangxi Zhuang Autonomous Region, Guangxi industrial and mining enterprises suffered from a seven percent total profit fluctuation because of the flood. The speed of industrial was seriously affected, and the growth rate dropped by 3.4 percent [sentence as received]. Incomplete statistics revealed that, more than 2,100 state-owned enterprises in the region had been affected by the flood, of which 700 suffered serious losses. The sugar industry, one of the pillar industries in the region, received a severe blow, with 30 percent out of 1.5 million mu of sugar cane being affected, of which 400,000 mu were totally ruined by the flood. This would seriously affect the sugar cane yield between 1994 and 1995. In the field of coal industry, major coal-mines in seven counties and municipalities as well as the largest coal-mine in Heshan all suffered from losses to various degrees. Thus coal output of Guangxi in the third quarter was expected to decrease by 750,000 tonnes.

Recently a meeting was held to analyze the financial situation of the region. Mr. Yuan Zhengzhong, vice-chairman of Guangxi Zhuang Autonomous Region, disclosed at the meeting that for the first half year, a total output value of RMB [Renminbi] 34.2 billion was achieved by township and above township level industrial enterprises. Despite difficulties brought about by the flood in June, the total industrial output increased by 13.6 percent, compared with the same period last year. It was also above average in the whole country.

Mr. Yuan emphasized that Guangxi enterprises should rely on themselves to go through this difficult stage. Government departments at various levels should help banks provide loans to enterprises for initial need to start production. The Industrial and Commercial Bank of Guangxi had recently provided RMB 2.7 billion loans to eight districts that were hit by the flood, including Guilin, Liuzhou, Wuzhou and so on.

Floods Cause 'Plunge' in Guangxi Fixed-Asset Investment*HK2907103594 Beijing ZHONGGUO XINWEN
SHE in English 0829 GMT 29 Jul 94*

[Text] Nanning, 29 Jul (ZHONGGUO XINWEN SHE)—The Guangxi Zhuang Autonomous Region has this year seen a big reduction of its projects on agenda, as investment in fixed assets has plummeted.

According to the Statistical Bureau of the region, in the first half of this year, the state-owned units in the region

completed an investment of over RMB [renminbi] 4.93 billion, 29.1 percent up over the same period last year, but its growth dropped by 118 percentage points. An analyst says that, on the one hand, motivated by projects under construction in the past two years, this year's fixed assets will still grow to certain extent but, on the other, projects in the first half of this year were reduced by nearly 30 percent over the same period last year, that is to say, more than 150 projects were written off, and the construction space was narrowed by 14.6 percent. The 25.6 percent decrease of the state budget for fixed assets and the delayed construction due to the rainy weather and floods led to a plunge of investment in fixed assets in the region.

Despite a drop in growth, investment for key projects in the region has still been guaranteed. In the first six months this year, investment for construction of energy projects reached RMB 980 million, 96 percent up and that for projects of transport, posts and telecommunications was RMB 1.24 billion, 85 percent up. The No. 3 electricity-generating set at the Yantan Hydroelectric Station which is listed as a state key project went into operation last month, adding the electricity-generating capacity by over 300,000 kilowatts in the region. Construction of the Pinggu Aluminum Industrial Plant and the Liangjiang Airport in Guilin is proceeding smoothly.

Owing to the big losses caused by the floods, the region has planned to increase investment for urban flood-control facilities and capital constructions on farmland.

Hainan Reports Steady Economic Growth*OW2907015994 Beijing XINHUA in English 0127
GMT 29 Jul 94*

[Text] Haikou, July 29 (XINHUA)—The island province of Hainan scored a 12 percent increase in its gross domestic product—the value of goods and services produced—in the first half of 1994, according to the provincial statistics bureau.

Hainan is also China's largest special economic zone, where flexible policies are being pursued to encourage investors from Hong Kong, Macao, Taiwan and overseas.

An official of the bureau said that Hainan has intensified macro-economic controls since the beginning of the year primarily by cutting back on investments in fixed assets.

As a result, investment in the real estate sector rose just eight percent during the January-June period of 1994 over the same period in 1993, he said.

He also cited the following figures to illustrate Hainan's economic achievements in the first half of 1994:

—The use of foreign funds soared by 220 percent to 769 million U.S. dollars;

—Revenues shot up nearly 27 percent to 1.28 billion yuan; and

—Savings deposits totaled 44.39 billion yuan, nearly seven percent higher than at the beginning of the year.

Hainan Invests 2 Billion Yuan in 'Key' Projects Jan-Jun

*HK2807132494 Haikou Hainan People's Radio
Network in Mandarin 1100 GMT 16 Jul 94*

[Excerpts] In the first half of this year, Hainan invested a total of 2 billion yuan in building key projects, representing a 169 percent increase over last year.

For instance, Sanya International Airport was officially opened to traffic on 1 July. The Nanshan power plant installed its first generating unit, raising installed capacity by 50,000 kilowatts. The Daguangba hydropower station installed its second generating unit, raising installed capacity by 60,000 kilowatts. The construction of Hainan cold-rolled steel pipe factory and the Hainan polyester factory has been basically completed. [passage omitted]

This year, Hainan is planning to build some 24 new key projects involving a combined investment of 28.6 billion yuan.

Henan Establishes State, Local Taxation Bureaus

*HK2907094694 Zhengzhou HENAN RIBAO in
Chinese 15 Jul 94 p 1*

[Report by Liang Yuhuan (2733 3768 3883) and Zhou Ying (0719 4481): "Henan Establishes State Taxation Bureau and Local Taxation Bureau on 14 July"]

[Text] Henan announced the establishment of the Henan Province State Taxation Bureau and the Henan Province Local Taxation Bureau at the same time on 14 July.

Ren Keli, Fan Qinchen, Ma Xianzhang, Wang Hungfan, and Liu Yujie attended the inauguration.

Following the establishment of the two bureaus, Henan's value-added taxes, consumption taxes, income taxes of central enterprises, income taxes of local and foreign-funded banks and financial enterprises, securities transaction taxes, taxes on foreign-funded firms, and five other kinds of taxes will be collected by the Henan Province State Taxation Bureau, while business taxes, personal income taxes, land value-added taxes, regulatory taxes on investment in fixed assets, real estate taxes, resource taxes, and nine other kinds of taxes will be collected by the Henan Province Local Taxation Bureau.

While congratulating the founding of the two bureaus at the inauguration, Ren Keli, deputy secretary of the provincial party committee, urged the two bureaus to enhance their ties, levy taxes according to law, and contribute to Henan's economic revitalization. At the inauguration, Vice Governor Fan Qinchen said that the implementation of the tax sharing system and the establishment of the central and local taxation organs is an important policy decision made by the CPC Central

Committee and the State Council in accordance with the requirements for establishing a socialist market economic system. This will be of great significance to the strengthening of the state's macroeconomic regulation and control, the establishment of the central and local taxation systems, and ensuring the steady growth of revenue. Fan Qinchen hoped that the state and local taxation bureaus could mutually coordinate, support and inform each other, strengthen cooperation in their work ahead, and make concerted efforts to revitalize Henan's economy.

Following the inauguration, the Henan Province State Taxation Bureau and the Henan Province Local Taxation Bureau held a ceremony to hang their shingles on the new office building, which opened up a new chapter in Henan's taxation history.

Hubei Establishes State, Local Tax Bureaus

*HK2907094494 Wuhan HUBEI RIBAO in Chinese
25 Jun 94 p 1*

[By correspondent Xiao Houxiong (5135 0624 7160): "Hubei Province State Taxation Bureau and Hubei Province Local Taxation Bureau Established Simultaneously"]

[Text] With approvals from the State Administration of Taxation and the provincial people's government, the Hubei Province State Taxation Bureau and Hubei Province Local Taxation Bureau were officially established yesterday, replacing the Hubei Provincial Taxation Bureau.

The two revenue organs are established to meet the needs arising from the market economy and practice of the revenue-sharing system; with them the central authorities can strengthen macroregulation and control, fully arouse the enthusiasm of the localities, and promote rapid, stable, and healthy [kuai su wen ding jian kang] development of the national economy.

The two revenue organs differ in function. The Hubei Province State Taxation Bureau will collect value-added tax, consumption tax, income tax from central enterprises, income tax from local and foreign-funded banks and financiers that are not banks, securities transaction tax, and tax from foreign-invested enterprises and wholly foreign-owned enterprises within the border. It will also manage export tariff reimbursements, collect taxes from taxpayers who pay value-added tax and who operate as individuals or in rural bazaars, collect overdue fines for central taxes, collect educational surcharges according to the regulations on central tax and shared tax, and manage state funds for key energy and communication construction projects as well as the state budget regulatory fund. The Hubei Province State Taxation Bureau is a department-level organ, and it takes charge of party affairs, organizational structure, cadre management, personnel structure, and expenditures within the state tax system throughout the province. The

Hubei Province Local Taxation Bureau will collect business tax, individual income tax, land value-added tax, tax for safeguarding urban construction, tax for use of cars and boats, real estate tax, tax on slaughtering animals, resource tax, tax for use of land in cities and towns, tax regulating the direction in which investments are made in fixed assets, income tax from local enterprises (including local state-owned, collective, and private enterprises), stamp duty, banquet tax, tax from taxpayers who pay business tax and who operate as individuals or in rural bazaars, fines for overdue local tax, and the educational surcharge levied according to the local regulations on business tax. Hubei Province Local Taxation Bureau is a department-level organ which takes charge of the organizational structure, cadre management, personnel structure, and expenditures within the local tax system throughout the province.

The work of organizing the two sets of tax organs is being carried out in the prefectures, cities, autonomous prefectures, and counties (cities) across the province, and will be completed before long.

Southwest Region

Researchers Say Qinghai-Tibet Plateau Becoming Warmer

OW2807131794 Beijing XINHUA in English 1251
GMT 28 Jul 94

[By Li Xiguang]

[Text] Lhasa, July 28 (XINHUA)—The Qinghai-Tibetan plateau, which is known for its icy mountains, is becoming warmer under the impact of the global "greenhouse effect."

Glaciers appear to be shrinking, lakes drying, frozen land melting, and grasslands coming under the threat of desertification, researchers said.

More and more sand and dust are rising from the dried riverbeds to form sand dunes along the riverbanks of the Yarlung Zangbo and the upper reaches of the Yellow River.

Over the last decade, the water level of Lake Yamzhog Yumco in southern Tibet and Lake Nam Co in northern Tibet have been dropping by six centimeters a year while the water level of Lake Qinghai in northern Qinghai Province has been dropping by 10.5 centimeters yearly over the last three decades, according to observation data gathered by scientists over recent decades.

Researchers explained that shrinking glaciers which supply water to the lakes have been the main cause for the drop in water levels.

Observation over the past three decades shows that the glaciers on the northern slope of Mount Qowowuyag had shrunk by 2,000 meters and the skirts of the glaciers thinned by 30 to 40 meters.

Some glaciers on the western Kunlun Mountains and Tanggula Mountains also have shrunk by 400 to 500 meters, according to the observation.

"The Qinghai-Tibetan plateau is most sensitive to the change of global climate," said academician Sun Honglie, chief scientist of the State Qinghai-Tibetan Plateau Research Project.

"When our planet becomes warmer by two to three degrees Celsius, this part of the world will become warmer by four to five degrees," he said.

The Chinese scientist expected the Qinghai-Tibetan plateau to become warmer by three to five degrees Celsius by the middle of the next century if the amount of carbon dioxide in the atmosphere doubles.

"The amount of rainfall will increase by 20 percent over the same time," he added.

Scientists believe that the climatic changes on the Qinghai-Tibetan plateau will have an ecological impact on the land.

"The melting of frozen land in the middle and eastern part of the plateau could lead to desertification of the land, and rising temperatures in the northwestern part of the plateau could lead that part of the land to desert and wilderness," he said.

"The climatic change, such as more rains, could increase the potential productivity of the vegetation of the land, but the extreme climate will become more unpredictable and will cause various kinds of natural disasters," Professor Sun said.

"The plateau is so sensitive to global change, any signs of climatic changes will be felt years later in other parts of China and the earth's northern hemisphere," he noted.

"It is imperative to study and predict the interaction of the ecological changes of the Qinghai-Tibetan plateau and global change," he said.

According to the Chinese scientist, the State Commission of Science and Technology and the United Nations Development Program (UNDP) have joined the Chinese scientists' efforts to make the eco-environmental problem one of the top priorities on China's 21st century agenda.

"We will find means for sustainable development for the region's agriculture and husbandry," Sun said.

Yunnan Party Chief Interviewed on Economic Issues

HK2907105194 Hong Kong WEN WEI PO in Chinese 5 Jul 94 p A2

[Report on interview with Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, by Yang Yung-nien (2799 3057 1628), southwest China staff reporter:

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"Yunnan Provincial Party Secretary Pu Chaozhu Interviewed on Transfer of Rights To Exploit Barren Lands and Development of Individual Economy"—Kunming; date not given]

[Text] Kunming, 4 July (WEN WEI PO)—In an interview with this reporter in Kunming a few days ago, Pu Chaozhu, secretary of the Yunnan Provincial CPC Committee, pointed out: During the 15 years of reform and opening up to the outside world, Yunnan's national economy has developed at a rate of 10 percent or more a year. The gross national product in 1993 increased by 10.6 percent from the previous year. That year witnessed economic growth that was relatively more rapid than at any time since the founding of the PRC.

Secretary Pu Chaozhu said: In the last 15 years of reform and opening up to the outside world, Yunnan's national economy, as a whole, has undergone three major changes in terms of quality. One was that Yunnan moved from the previously self-sufficient seminatural economy to a relatively developed commodity economy. The second was that Yunnan, which was in a state of self-seclusion 10 years ago, moved from its previous state of "being at the rear of the drive to open up to the outside world" to its current state of "being in the vanguard of the drive to open up to the outside world." The province has become a major land thoroughfare and a window of the southwestern region of the motherland to Southeast and South Asia. The third major change was that 10 years ago, Yunnan's national economy was roughly of the traditional-technology, extensive-operation, and raw-materials type. In the last 10 years, with the development of the commodity economy, its national economy gradually has been transformed into a modern-technology, frugal-operation, and raw-materials-processing type.

Secretary Pu Chaozhu pointed out: Thanks to these three qualitative changes, Yunnan has entered a stage and period of national economic development. The secretary informed this reporter that after the 14th CPC National Congress, the provincial party committee conducted repeated explorations on the province's future development program, and unanimously agreed that for the province to continue to develop its economy, it should rely on reform as a motive force.

He informed this reporter that Yunnan, which is both a nationality and a border area—where productive forces are relatively backward, the economic structure is comparatively unitary, and the economy based on public ownership occupies a greater proportion in the province's national economy—should stress at present the development of the individual and private economies in the nationality areas on the premise of maintaining the superiority of public ownership. The secretary of the Yunnan provincial party committee said: "In this way, the economy will develop more quickly as a whole." He went on to say: Being a mountainous province, Yunnan has very limited cultivated land, with a per capita possession of just one mu or so of cultivated land.

Nevertheless, it has a lot of barren hills, slopes, and gullies. After experiments, the province is transferring, with compensation, the long-term rights to operate and exploit these barren lands to individuals and to individuals and collectives from outside the province who are able to exploit them. The secretary pointed out: If 10 million mu of cultivated land is opened from the barren lands and if industrial forest trees are developed, Yunnan's agriculture is bound to undergo a great change.

When asked about the focus of the province's economic development, Pu Chaozhu discussed the following things from the viewpoint of the province's strategic policy decisions. 1) Continued efforts should be made to carry out the construction of infrastructure in such areas as transportation, electric power, irrigation and water conservancy, and telecommunications, and to make preparations to lay a solid foundation for comprehensive development of the province's economy. 2) Developing education, as well as science and technology; training more qualified personnel; and improving the quality of the laborers are important to the development of the province's economy and are also extremely arduous tasks which should be carried out well. 3) We should do a good job in readjusting the industrial structure; bring Yunnan's strong points into fuller play in the coming 6 to 7 years; and nurture new, major industries with an output value amounting to 5 to 10 billion yuan. 4) We should actively support and go all-out to develop town and township enterprises, and should continue to maintain the development momentum of various economic sectors.

Before the conclusion of the interview, this veteran communist who was engaged in the student movement before the founding of the PRC, told this reporter that they read Hong Kong's WEN WEI PO very frequently and gained information from it. He said: "Hong Kong's WEN WEI PO played very great role before the founding of the PRC, and also has been a highly influential overseas newspaper since the PRC was founded." He expressed his hope that WEN WEI PO will come to Yunnan frequently to gather news and give greater publicity to the province so that more people will understand the province and join hands to develop it.

North Region

Beijing Secretary Speaks at Religious Work Conference

SK2907060094 Beijing BEIJING RIBAO in Chinese 19 Jul 94 p 1

[Excerpts] Beijing Municipality held a work conference on nationalities and religious affairs on 18 July. It was stressed at the work conference that efforts should be made to further emancipate minds, to vigorously pioneer the road of advance, and to have the municipal work of nationalities and religious affairs enter the front row of the country along with the progress of establishing the

systems of socialist market economy. Attending and addressing the work conference were Chen Xitong, secretary of the municipal party committee; and Ismail Amat, councillor of the State Council and minister of nationalities affairs. Li Qiyang, Zhang Jianmin, Wang Daming, and others attended the work conference.

During the conference, the participating personnel relayed and implemented the spirit of the national work conference of nationalities affairs commissions, the spirit of the national conference of directors from the religious affairs bureaus throughout the country, and the directive given by the municipal party standing committee with regard to doing a good job in conducting the capital's work of religious affairs. They also summarized the municipal work done in the former period for nationalities and religious affairs as well as studied and made arrangements for the current work of nationalities and religious affairs. [passage omitted]

During the work conference Chen Xitong delivered a speech in which he said: Under the leadership of the CPC Central Committee and the State Council and under the regular guidance and assistance given by the State Nationalities Affairs Commission and the bureau of religious affairs under the State Council, the municipal work of nationalities and religious affairs has scored marked achievements in safeguarding and developing the capital's situation of stability and unity and in promoting the capital's programs of reform and opening up as well as the capital's undertakings of building socialism. I would like to extend heartfelt thanks and cordial regards to comrades working on the nationalities and religious fronts on behalf of the municipal party committee, the municipal people's congress standing committee, the municipal people's government, and the municipal Chinese People's Political Consultative Conference committee.

He said: Under the new situation, we should earnestly study the directives given by the central leading comrades with regard to the nationalities and religious work by bearing in our minds the municipal reality; implement the spirit of the national work conference of nationalities affairs commissions and the spirit of the national conference of directors from the religious affairs bureaus; and earnestly find out where the municipality has lagged behind in ideology and specific work in this regard by regarding the municipal nationalities and religious work done in the former period as a comparison. We should also deal with the existing problems in a timely manner so as to improve the municipal work in this regard. Any matter that took place in the capital is not minor. The municipal nationalities and religious work is exerting a large influence on the affairs throughout the country. Therefore, we should adopt a very careful attitude toward the work. [passage omitted]

During the work conference Ismail Amat, minister of nationalities affairs, also delivered a speech in which he said: Beijing is the capital of the country and is exerting

a large influence on the country as a whole and even on the world. It has the people of 56 nationalities and is a big family of nationalities unity. Therefore, the municipal work of nationalities and religious affairs is very important and deserves to be or can be done well. Efforts should be made to earnestly deal with the existing problems in the nationalities and religious work by proceeding from the reality so as to promote the work of nationalities unity as well as the stability and unity of the society as a whole. [passage omitted]

Also attending the work conference were leading personnel from the municipal level organs, including Zhang Baifa, Wang Tong, Duan Bingren, Shen Rendao, and others.

Beijing Secretary Hears Central Inspection Group Report

SK2907042494 Beijing BEIJING RIBAO in Chinese 19 Jul 94 p 1

[Excerpts] In line with the central arrangements, the No. 11 central investigation group headed by Sai Feng, member of the National Chinese People's Political Consultative Conference Committee and former minister of geology and mineral resources; and Huan Yushan, vice chairman and secretary general of All-China Federation of Industry and Commerce; successfully concluded their supervision, inspection, investigation, and study of the work in the municipal anticorruption struggle on 18 July after 15 days of activities.

On the afternoon of 18 July, the central investigation group sponsored a meeting to inform the leading comrades of the municipal party committee and the municipal people's government on their investigation work and to hold talks with them. Hearing the report at the meeting were Chen Xitong, Li Qiyang, Zhang Jianmin, and Wang Daming, and members of the municipal party standing committee.

The 11-member central investigation group began their supervision, inspection, investigation, and study of the municipal work of anticorruption struggle on 4 July. [passage omitted]

At the meeting Sai Feng, head of the central investigation group, delivered a report on behalf of the central group to the municipal leading comrades, in which he put forward some opinions on the issue of how to fundamentally prevent the spreading of corruption. He contended: First, efforts should be made to enhance the transparency of struggle. This is favorable for linking up the situation, relieving contradictions, and tightening the tie between the party and the masses and between cadres and the masses. It is also favorable for both inner party and nonparty supervision and inspection. Second, a good job should be done in selecting, promoting, and employing cadres, as well as in bringing into play the model and vanguard role of leading cadres at all levels. Third, efforts should be made to formulate laws and

regulations with strong serviceability. Fourth, we should grasp ideological education in a big way and particularly education on a correct world outlook. Fifth, attention should be paid to earnestly summarizing and popularizing the good experience gained by some units in building administrative honesty. Sixth, we should earnestly investigate and handle serious and appalling cases and enhance the dynamics in dealing strict and rapid blows at criminal elements. [passage omitted]

During the meeting Chen Xitong, secretary of the municipal party committee, delivered a speech on behalf of the municipal party committee and the municipal people's government, in which he extended heartfelt thanks to the comrades of the central investigation group. He said: Your working spirit and style are worthy to be learned from because you have learned a lot from the situation of the municipality in such a short period of time and made a deep, meticulous, and seek-truth-from-fact analysis about the municipal work in this regard.

Chen Xitong said: Opinions put forward by the central investigation group and the situation reported by the group are very helpful for us to carry out the anticorruption work and merit our attention. The municipal party committee will hold a special meeting of the standing committee to earnestly study the opinions put forward by the central investigation group, to put forward improvement measures, and to implement the suggestions one by one. The municipality will carry forward the anticorruption struggle in a thorough and protracted way.

During the meeting Li Qiyan, mayor of the municipality, also delivered a speech in which he asked the central investigation group to continuously show concern about the municipal work, to tell in a timely manner all opinions that they have heard to the municipal authorities, and to help the municipality better conduct its work.

Beijing Strengthens Management of Private Enterprises

HK2807035794 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0845 GMT 29 Jun 94

["Beijing Municipality Strengthens Management Over Private Enterprises"]

[Text] Beijing, 29 Jun (ZHONGGUO TONGXUN SHE)—In order to promote healthy development of private enterprises, Beijing Municipality is strengthening guidance for them, and is using economic, legal, and necessary administrative means, as well as ideological education, to teach them to operate lawfully, and guide and teach them to be "patriotic, enthusiastic at work, and lawful."

In recent years, Beijing Municipality's private enterprises have the municipality had 4,111 private enterprises, which hired 53,982 employees. Among these enterprises, 1,822 were limited companies, accounting

for 47 percent of the private enterprises of the three types. There were 197 private enterprises each of which had a registered capital exceeding 1 million yuan. In 1993, they paid taxes amounting to 12.889 million yuan.

Beijing Airport Improves Security, Service Facilities

OW2707204594 Beijing XINHUA Domestic Service in Chinese 0712 GMT 26 Jul 94

[By correspondents Zhang Musheng (1728 2606 3932) and Zhang Xiong (1728 7160)]

[Text] Beijing, 26 Jul (XINHUA)—Beijing International Airport, the country's largest, this year has invested 11 million yuan in improving its security and service facilities.

It has been learned that in the first six months of this year, the airport completed nine large security and service projects. To ensure flight safety and that flights keep on schedule, domestic security inspection lanes in the terminal building have been increased from four to seven, effectively reducing passengers' waiting time.

Improvements in the airport's infrastructure have effectively boosted its transportation operations. According to statistics, in the first half of this year, the airport handled more than 5.16 million passengers and more than 100,000 tonnes of cargo and mail, and its profits amounted to 120 million yuan.

Beijing Brings Municipality's Soil Erosion Under Control

OW2707135394 Beijing XINHUA in English 1302 GMT 27 Jul 94

[Text] Beijing, July 27 (XINHUA)—Beijing has harnessed soil erosion on an area of 3,642 square kilometers or one-fifth of its total area.

To bring the municipality's soil erosion under control, the Chinese capital city has built 20,000 hectares of terraced fields, 0.026 hectares per capita among farmers in mountainous areas. The city has also planted 200,000 hectares of tree belts for soil and water conservation.

The effort has brought noticeable social and economic benefits to Beijingers, marked by improvement of production conditions and growth of labor productivity.

One township in the city's Pinggu county invested a total of six million yuan to build forestry shelterbelts, plant fruit trees and construct five pig-raising farms, pushing the per capita income to 3,500 yuan last year.

A recent investigation by the municipality shows that the soil erosion control projects in the city have resulted in a cut of 70 percent of sedimentation and increased the fertility of farmland by three percent.

Meanwhile, the efforts have boosted the percentage of land covered by forest and grass by 30 percent and have helped cut flood peaks by 50 percent.

Hebei Secretary on Enhancing Lifestyle of People

SK2907064594 Shijiazhuang HEBEI RIBAO in Chinese 15 Jul 94 p 1

[Excerpts] Since Hebei Province convened the meeting on 21 May on learning from Linzhou's experience in accelerating the development of township and town enterprises in Henan Province's Linzhou city, Linzhou's experience has caused strong repercussions among various counties in Hebei Province's Taihang Shan mountain areas. From 11 to 24 July, the provincial party committee held a report-back meeting in Qinhuangdao to listen to the reports made by secretaries of party committees of 24 counties in mountainous areas on implementing the guidelines of the meeting on learning from Linzhou's experience. Secretaries of pertinent city and prefectural party committees attended the report-back meeting.

Cheng Weigao, secretary of the provincial party committee, presided over the report-back meeting. Listening to reports were Li Bingliang, deputy secretary of the provincial party committee, Ning Quanfu, vice chairman of the provincial people's congress standing committee, and Gu Erxiong, vice governor of the province. [passage omitted]

Cheng Weigao pointed out at the report-back meeting: Whether 80 percent of Hebei's counties, townships, and villages will be able to attain the goal of making the people lead a comfortable life by the end of this century has a bearing on the success or failure in building the socialism with Chinese characteristics, in improving the people's material and cultural lives, and in making most people fully experience the superiority of socialism. Therefore, the attainment of the goal of making the people lead a comfortable life is the concentrative manifestation of the party's fundamental purpose and basic line in rural work; and whether leading cadres and party members can lead the masses attain the goal of leading a comfortable life is a test on their party spirit. To fulfill this extremely arduous political task, cadres and party members must attend to work truly instead of falsely and must attend to work conscientiously and realistically rather than superficially.

Cheng Weigao said: To attain the goal of making the people lead a comfortable life, counties should be strong, townships should also be strong, villages should obtain certain economic strength, and the common people should truly reach the well-off level in living standards. The goal of having the people lead a comfortable life cannot be fulfilled if we only pay attention to reaching the state set better-off level in the per capita GNP and in peasants' per capita income but pay no attention to enhancing the strength of the collective economy of townships and villages, to improving peasants' living

quality, and to meeting the demands on improving environment, education, culture, public health, and other social undertakings. With regard to peasants' per capita income, we should not merely stress on the average figure of a whole county, but should make 80 percent of peasant households attain the average figure in line with the demand of achieving common prosperity. As for the peasants whose production and living conditions are particularly difficult, special attention should be paid to helping them cast off poverty. In learning from Linzhou's experience in making the people lead a comfortable life, we should not only take full advantage of Taihang Shan's natural resources, but also fully utilize the advantages of the location around Beijing and Tianjin to open to the outside work more successfully and obtain all kinds of rich production elements to promote our economic development. To meet the demand of economic construction, cadres should voluntarily gear their work to economic construction and should actively participate in reform. In the field of reforming cadre personnel system, all localities should ensure the optimum organization of leading bodies of party and government organs under the precondition of persisting in the principle of making the party manage cadres. All localities should also appoint cadres on their merit through competition. Those who are competent should be promoted, and those who are incompetent should be dismissed. At the same time, the cadres dismissed from their posts as a result of competition should be settled appropriately. [passage omitted]

Tianjin Sentences Four for Economic Crimes

SK2907025594 Tianjin TIANJIN RIBAO in Chinese 16 Jul 94 p 1

[Text] On the morning of 15 July, at the main hall of the municipal higher people's court, the Tianjin municipal intermediate people's court held a trial meeting to strictly punish serious economic criminal offenders. In initial rulings, the meeting openly pronounced judgment on four criminal offenders—namely Shi Yuzhen, Jin Xiaomei, Yang Zhenbiao, and Bi Zhongxiao—for corruption, bribery, and negligence of duties. Their sentences range from 12 years' imprisonment to life imprisonment. More than 600 people attended the meeting as observers.

Shi Yuzhen, the accused, is a 52-year-old woman. She was a cashier at the office of the Harbin city government stationed in Tianjin. In 1977, she had been sentenced to 15 years' imprisonment for being guilty of swindling. Although she was released with a reduced sentence, she refused to mend her ways. From November 1987 to March 1992, she took advantage of her position and, not accounting for the money, withdrew and embezzled public money from the treasury amounting to 117,605.80 yuan on 129 occasions. Upon discovery of her crime, stolen money and goods valued at 28,659.20 yuan were recovered, and the 79,000 yuan she had used could not be recovered. According to laws, the Tianjin

municipal intermediate people's court sentenced Shi Yuzhen to life imprisonment and deprived her of life-long political rights.

The accused Jin Xiaomei is a 23-year-old woman. She was a cashier at the Canon duplicating machine management department of Tianjin's Hexi District. From September 1991 to August 1992, she took advantage of her post to commit crimes on 90 occasions. Not keeping accounts, she withdrew ready money from banks with the cash checks of her unit, not recording the full amounts of money that she withdrew from the banks for the unit, or charging to the accounts more amounts of money than she had withdrawn. During this period, she also committed the crime of not entering the unit's sales income into the account books on five occasions by means of falsifying bank savings receipts and privately engraving seals used in bank receipts. She embezzled 97,432.65 yuan of public funds and wantonly used them. After her case was exposed, she first absconded to other place with stolen money and then surrendered herself to the police. More than 30,000 yuan in stolen goods were recovered. According to laws, the Tianjin municipal intermediate people's court sentenced her to 15 years' imprisonment and deprived her of her political rights for two years.

The accused Yang Zhenbiao is a 60-year-old man. He was a deputy manager of the municipal raw material and resource development company. From the end of 1986 to the beginning of 1989, while conveniently selling steel products wholesale, he accepted bribes from the purchasing units on several occasions and unlawfully accepted bribes valued at 96,858.80 yuan. Besides, he was acquainted with Liu Yi, director of Hongqi steel works of Shanxi Province's Yuci city in April 1988. Under the circumstances of neither understanding the situation of Hongqi steel works nor conducting on-the-spot investigations at these works, in the name of advance payment for purchasing iron and steel, he remitted 1 million yuan for use as an investment in building the works. The money has not been recovered yet because Liu Yi was arrested for committing crimes by the public security organ. All this has created gigantic losses for the state. According to laws, the Tianjin municipal intermediate people's court sentenced Yang Zhenbiao to 12 years' imprisonment for bribery, deprived him of political rights for two years, and sentenced him to three years of imprisonment for neglecting duties. Combined, the court decided that he would be imprisoned for 14 years and be deprived of political rights for two years.

Bi Zhongxiao, the accused, is a 48-year-old man. He was a chief of the administrative section of the municipal synthetic material plant. From December 1989 to February 1993, at the conveniences of taking charge of purchasing labor insurance welfare goods, he successively wrote checks, totaling 210,436.69 yuan, on 10 occasions; transferred the money to the accounts of the Hedong District vegetable and foodstuff company, a

collective shop owned by Li Gonglou; and used the money to purchase labor insurance welfare goods. After that, Bi Zhongxiao purchased 72,740.49 yuan worth of labor insurance welfare goods from Li Gonglou's shop and stored them at the warehouses of the plant. He also made up other excuses to withdraw the remaining money totaling 135,871.14 yuan from the shop and kept it as his own. He also falsified receipts to balance the accounts. After that, he also adopted similar means to commit two criminal cases of such kinds, embezzling 7,449 yuan. He embezzled a total of 143,320.14 yuan. After the occurrences of these cases, Bi Zhongxiao actively confessed his crimes and returned all the stolen money and goods. According to laws, the Tianjin municipal intermediate people's court leniently sentenced Bi Zhongxiao to 12 years' imprisonment for being guilty of corruption and deprived him of political rights for two years.

Tianjin Port Free Trade Zone Growing

OW2907015894 Beijing XINHUA in English 0143
GMT 29 Jul 94

[Text] Tianjin, July 29 (XINHUA)—The free trade zone in the Tianjin port has approved the establishment of 2,425 businesses over the past three years, an official of the Tianjin Customs Office said.

The official said that these businesses involve a total investment of 1.84 billion U.S. dollars.

Imports into and exports from the zone have amounted to 91.48 million dollars since 1991, he said.

An international commodity exhibition and sales center has opened in the zone to serve both Chinese and foreign firms, he said.

Import markets for capital goods, such as pesticides and chemical fertilizers, have also been set up in the zone, he added.

Northeast Region

Heilongjiang Township Enterprise Development

SK2907015794 Harbin HEILONGJIANG RIBAO
in Chinese 8 Jul 94 p 2

[Report by Tian Fengshan, acting governor of Heilongjiang, at the provincial township enterprise work conference on 29 June: "Further Emancipate the Mind, Make Earnest Efforts To Do Practical Work, and Promote Sustained, Rapid, and Highly Efficient Development in Township Enterprises"]

[Excerpt] 1. Correctly Appraise and Examine Heilongjiang's Current Situation of Township Enterprises and Enhance the Sense of Urgency in Accelerating Their Development

Heilongjiang's township enterprises have by and large entered a new stage of rapid development. Major signs of this follows:

Heilongjiang's township enterprises have been lifted out of the long period of low and stagnant development and have notably accelerated their development rate. In 1993, their output value totaled 36.06 billion yuan, up 53.1 percent from the preceding year; their net profits 2.32 billion yuan, up 57.4 percent; and the taxes they paid 966 million yuan, up 61 percent. The township enterprises continued to maintain their forward momentum this year. From January to May, township and village industrial enterprises created 5.97 billion yuan in output value, up 76.2 percent from the same period last year, marking a higher development rate.

A new situation has been created in developing various types of township enterprises at various levels and through various measures. By the end of 1993, Heilongjiang's township and village collective enterprises had increased to 31,823, an increase of 7,694 and 6,022 from 1991 and 1992, respectively. In particular, the partnership system in the form of stock sharing has become or is becoming an important impetus to accelerate township enterprise development. Heilongjiang now has more than 15,000 town and township shareholding partnerships of various types. In addition, development of export-oriented township enterprises has started. Last year, 316 of Heilongjiang's township enterprises exported their products to earn foreign exchange, of which two were authorized to export independently; 83 foreign-funded township enterprises were established, which brought in 620 million yuan of foreign capital according to the contracts; and 27 township enterprises were built outside the border.

The number of backbone enterprises has continued to rise, and their economic strength has been enhanced step-by-step, thus increasing their ability to compete in the market economy. Thanks to development in the past two years, the original value of the fixed assets of Heilongjiang's township and village collective enterprises increased to 5.07 billion yuan, up 1.25 billion yuan from 1992; and the number of township enterprises whose output value exceeded 1 million yuan rose from 1,446 in 1992 to 2,196, of which 296 exceeded 5 million yuan and 107 exceeded 10 million yuan, an increase of more than 100 percent over 1992 in both cases. Ten counties (cities, districts) registered over 1 billion yuan in the output value of their township enterprises, and 57 towns and townships registered over 100 million yuan. Nearly 100 town and township small industrial zones emerged, and a number of fairly large-scale projects that produced new products with high technological level and added value and broad market prospects were built and put into production. Heilongjiang's township enterprises are beginning to change their low level and small scale.

Township enterprises are becoming the important growing points of Heilongjiang's economy and playing an increasingly greater role in its entire economic development. In 1993, the output value of Heilongjiang's township enterprises exceeded its agricultural output value for the first time, constituting a half of the rural

economy. In the increased parts of Heilongjiang's total product of society and the total product of rural areas, 48.1 and 70.9 percent, respectively, came from township enterprises. In 1993, township industrial enterprises brought along a 4.8 percentage increase in Heilongjiang's industrial increase; increased their tax payment by 366 million yuan, equivalent to 15.5 percent of Heilongjiang's revenue increase; paid 3.9 billion yuan to staff members and workers as wage to help increase rural per capita income by 211 yuan; and paid more than 200 million yuan to support agriculture and other social undertakings.

The achievements scored by township and town enterprises throughout the province must be fully affirmed. It should also be noted, however, the situation facing township and town enterprises remains grim, and some problems are in need of immediate solution. There are mainly four problems: First, the province's township and town enterprises have been rapidly developing at a low base figure, and the gaps between Heilongjiang and the advanced provinces of the country tend to have widened, rather than narrowed. In 1993, the output value of township and town enterprises throughout the country registered an average increase of 60.8 percent, 7.7 percent higher than Heilongjiang's. Heilongjiang's place in the country regarding the output value of township and town enterprises, dropped from 19 in 1991 to 20 in 1992. The proportion of Heilongjiang's township and town enterprise output value in the country total dropped from 2.8 percent in 1978 to 1.2 percent in 1993. In particular, the proportion of Heilongjiang's industrial output value in the country total was 0.83 percent only, while that of Jiangsu was 5 percent and that of Shandong was 7 percent. Even among the 20 provinces and autonomous regions in central and western parts of the country, Heilongjiang merely ranked 10th in output value of township and town enterprises, only before Yunnan, Gansu, Qinghai, Inner Mongolia and five others. Moreover, the development trend of these 10 provinces and regions is aggressive and tends to surpass Heilongjiang. If we refuse to continuously accelerate development, our place in the whole country and in central and western parts will continue to decline. Second, Heilongjiang's township and town enterprises are still at the stage of mainly expanding scale, and the overall level of these enterprises remains relatively low. This situation has prominently manifested at the small scale of enterprises. Each township or village collectively run enterprise in the province only has 152,000 yuan of original value for its fixed assets on an average, 33.3 percent lower than the national figure; has 23.3 unemployed persons only, 11 persons fewer than the national figure; and realizes 339,000 yuan in output value, 48.8 percent lower than the national figure. This situation can also be manifested at the low structural level. The overwhelming majority of Heilongjiang's township and town enterprises are still engaging in primary and rough processing of natural resources. Production of bricks, tiles, sand, stones, cooking oil, wine, rice, flour, and

forage accounts for a considerable proportion; finished processed products are very limited; and high and new technological products are next to nothing. Another manifestation of this situation is the low proportion of industry. In the 1993 output value of township and town enterprises, the proportion of industrial output value of the country was 80.8 percent, while that of Heilongjiang was 52.6 percent, 28.2 percent lower than the national level. In the total industrial output value, the proportion of output value of township and town industrial enterprises of the country was 36.8 percent, while that of Heilongjiang was only 15.1 percent, some 20 percent lower than the national level. Third, development of township and town enterprises is extremely uneven in different cities and counties, and the localities that are behind in developing township and town enterprises have seriously restricted the development speed of township and town enterprises. Sixty-eight counties (cities and districts) in the province have reached 420 million yuan each in the average output value of township and town enterprises, of which, Zhaodong, suburban Mudanjiang, suburban Jiamusi, Shangzhi, Acheng, Shuangcheng, Wuchang, Bayan, and Anda have surpassed 1 billion yuan each. Zhaodong and suburban Mudanjiang have respectively attained 1.92 billion yuan and 1.67 billion yuan. However, some counties reached less than 50 million yuan in output value. Fourth, some localities have not yet put the development of township and town enterprises in the proper place, have not yet broadened their channel of ideas, and have not implemented and given full play to the role of the policies for supporting the development of township and town enterprises adopted by the provincial party committee and the provincial government. In addition to the above-mentioned problems, we should also pay attention to the fact that with the deepening of the reform, the reform of state-owned enterprises in particular, township and town enterprises are confronted with the following three new challenges: First, the deepening of reforms has gradually provided state-owned enterprises with an opportunity to compete enjoyed by township and town enterprises. In addition, the gradual abolition of preferential treatment to township and town enterprises has reduced the original advantages of township and town enterprises. Second, in addition to the continuous deepening of the reform of state-owned enterprises, the operating mechanism is also continuously changing, enterprises are paying more and more attention to trained personnel, and township enterprises will face more intense competition in acquiring trained personnel. Third, to divert personnel and open up the tertiary industry in the process of reform, state-owned enterprises are bound to exert adverse influence on the transfer of products and technology to township enterprises. Judging from what is mentioned above, we must never be over optimistic and be content with the current situation, despite the fairly rapid township enterprise development we achieved in the past two years. We must correctly appraise Heilongjiang's current township enterprise development

and the situation we face, approach our township enterprises from a deeper, higher, and wider angle, and further enhance the sense of urgency and responsibility toward township enterprise development.

2. Township Enterprises Should Play a Still Greater Role in Heilongjiang's Economic Development

Township enterprises are bound to become a more important force supporting Heilongjiang's economic development and will play a still greater role in at least the following four aspects:

Township enterprises should actively plunge themselves into the development strategy of implementing the "five extension and two acceleration" project, which is also an idea for our development. We should conduct study to clarify who and what methods and mechanisms we will depend on to achieve the extension and the acceleration. In other words, we should make clear the specific ways and means to accomplish the project. In compliance with the requirement for establishing the socialist market economy system, we should mobilize forces from all quarters of society; allow those who have the ability to develop the project disregarding their level of ownership and where they come from; and encourage state-owned, collective, township, neighborhood, individual, private, and foreign-funded enterprises to develop it simultaneously to stimulate the initiative of all fields. We should advocate, lead, and organize the development of the enterprises of mixed ownership and greatly promote the shareholding system and the partnership system in the form of stock sharing to secure the funds for implementing the project and provide a good mechanism from the very beginning. Through the adjustment of interest distribution, we should encourage all quarters to participate in and devote efforts to the implementation of the project and enable them to gain due benefits from it together. What we should emphasize is that township enterprises, with their numerous advantages of flexible mechanism, wide geographical distribution, and high market adaptability, must become an important force to implement this development strategy. For example, some projects will be started to carry out "five extensions." Township enterprises that have the capacity should be supported to develop these projects, and households should also be mobilized to carry out independent development. Also, in the process of renovating the old industrial base, township enterprises should actively participate in the system transformation and renovation of state-owned enterprises and, when conditions permit, even purchase and merge small and medium-sized state-owned enterprises or operate state-owned enterprises on a contract or lease basis without changing the ownership of the enterprises. We should make it clear that township enterprises should not only serve the renovation of the old industrial base but, more importantly, develop themselves in the process of providing the service. Township enterprises must have such courage and historical responsibility.

Township enterprises should become an important growing point to promote Heilongjiang's economic

development. Judging from the current situation, Heilongjiang's state-owned economy still possesses an absolute superiority. Renovation of the traditional industries and improvement of large and medium-sized state-owned enterprises remain to be what we should pay close attention to. However, we must notice that the main reason for our lagging behind the advanced provinces and municipalities is that our nonstate sectors of the economy develop at a slow speed and fail to create new economic development advantages. Therefore, we must make efforts to develop the nonstate sectors of the economy and speed up the cultivation of new economic growing points. This must be regarded as our province's economic work task of extreme strategic importance.

The output value of our province's town and township enterprises accounts for an absolute proportion of the nonstate sectors of the economy. This cannot be replaced by any new economic growing points. Viewing the development situation, the town and township enterprises at least have three advantages: First, the town and township enterprises with the shareholding cooperative system as their main forms have advantages in their managerial mechanisms. Second, those with conditions in their scale as well as the aspects of accumulation, entrepreneurs, and labor forces have the advantages of assimilating capital, advanced technologies, and advanced managerial experiences. Third, those with strong flexibility and great vitality in market competition and with flexibility in production and management can not only display their skills to the maximum on both provincial and domestic markets, but also make efforts to coordinate with the international markets. So, many foreign businessmen are willing to cooperate with town and township enterprises. Town and township enterprises should bring their advantages into full play, further speed up the pace of development, and gradually enhance their functions to stimulate the overall national economy.

Town and township enterprises should make efforts to become key pillars to increase the province's original accumulation and enhance the reserve strength for economic development. From 1979 to 1992, the town and township enterprises across the country offered 63.9 billion yuan of original accumulation for the country's industrialization. Of this, 2.75 billion yuan was offered by our province. In line with our province's current financial and economic situation, the leaders of the governments at various levels should approach from the high plane of the far-reaching development strategy to understand this issue and regard the development of town and township enterprises as a major strategic measure for expanding original accumulation, cultivating local tax sources, and strengthening financial pillars.

Town and township enterprises should become forces to guide the construction of modern agriculture. From 1978, the town and township enterprises across the country directly spent 65.2 billion yuan on agriculture.

In 1993 alone, 10.5 billion yuan was used. Of this, the figures of our province respectively was 970 million yuan and 200 million yuan, accounting for 1.5 percent and 1.9 percent of the country's total. If the investment in agriculture made by our province's town and township enterprises attains the national average level, our town and township enterprises will play an extremely great role in promoting the improvement of the overall agricultural production capability and the progress of agricultural modernization. Besides, by developing town and township enterprises, we should also accelerate the industrialization of the rural areas, reduce the differences between the urban and rural areas, and eliminate the dual economic structure. In particular, we should rely on small town and township industrial areas to accelerate the construction of small towns and to promote the connection of rural and urban modernizations. In developing town and township enterprises, we should also provide an important material foundation for promoting the rural areas' socialist spiritual civilization and provide a material guarantee for the rural areas' education, culture, public health, family planning, and social welfare undertakings. By developing town and township enterprises, we should cultivate a large number of entrepreneurs, enable the peasants to grasp knowledge and specialized skills, cultivate new types of high-quality agricultural troops, and accelerate the modernization of agriculture. [passage omitted]

Loan To Help Curb Liaoning Industrial Pollution

*OW2807034194 Beijing XINHUA in English 0231
GMT 28 Jul 94*

[Text] Washington, July 27 (XINHUA)—The World Bank today approved a loan of 110 million U.S. dollars to support China's efforts to curb industrial water pollution, increase access to safe water resources and reduce air pollution.

The bank said the loan to an environmental project in Liaoning Province, northeast China, "affirms the bank's position that sustainable economic development can only take place in tandem with environmental protection."

The valleys of the Hun and Taizi Rivers in Liaoning Province hold less than a third of the province's population but provide 40 percent of the province's agricultural produce and 60 percent of its industrial output.

Rapid industrial growth in the area, the bank said, has led to heavily contaminated water supplies and unacceptable levels of air pollution, as well as inefficient management of wastewater and weak control of airborne emissions.

Liaoning Conference on Taiwan Economic Cooperation

*SK2907012694 Shenyang LIAONING RIBAO in
Chinese 13 Jul 94 p 1*

[By reporters Yu Huibin (0060 1979 1755) and Liu Zhiyun (0491 1807 0061): "Greatly Promote the Economic Exchanges and Cooperation Between Liaoning and Taiwan"]

[Text] The provincial conference on Taiwan-oriented economic work concluded in Shenyang on 12 July after a two-day session. It relayed the guidelines of the national conference on Taiwan-oriented economic work, reviewed and summarized the Taiwan-oriented work done by Liaoning in the past few years, and studied policy measures to strengthen the work.

Leading comrades of the provincial party committee, people's congress, government, and committee of the Chinese People's Political Consultative Conference [CPPCC] attended. Vice Governor Gao Guozhu gave a work report. Wen Shizhen, deputy secretary of the provincial party committee and vice governor, and Wang Huaiyuan, deputy secretary of the provincial party committee, gave speeches.

It was noted at the conference: Over the past few years, Liaoning has conscientiously implemented the central principles on Taiwan-oriented work, made active efforts to open wider to the outside world, strived to improve the investment climate, extensively mobilized social forces to carry out propaganda toward Taiwan and the work to establish ties with it, and provided favorable conditions from various fields to promote economic cooperation between both sides of the Strait. By the end of June this year, Liaoning had granted approval to 978 Taiwan-funded enterprises, in which investment totaled \$1.69 billion yuan, including \$760 million from Taiwan. Of these enterprises, 41 involved more than \$5 million each, 18 involved more than \$10 million each, and three involved more than \$100 million each.

It was pointed out at the conference: The priority of Liaoning's future Taiwan-oriented economic work is to continue to absorb investment from Taiwan, with the focus on Taiwan's large enterprises, and draw in more Taiwan-funded large projects by fully developing our advantages in industry, science and technology, resources, personnel, and market while striving to make the current Taiwan-funded enterprises successful. We should strengthen Liaoning's cooperation with Taiwan in agriculture, science and technology, energy, and infrastructural facilities, encourage investment of Taiwan funds in Liaoning's renovation of large- and medium-sized enterprises, expand trade with Taiwan, and facilitate economic cooperation between Liaoning and Taiwan.

It was emphasized at the meeting: We should regard Taiwan-oriented economic work as an important strategic task, strengthen planning and overall arrangements for it, and include it in the overall plan for economic development. The use of investment should be flexible, restrictions should be relaxed on the proportions of the products turned out by Taiwan-funded enterprises, which are to be sold at home, more fields should be opened for cooperation with Taiwan, the scientific and

technological exchanges and cooperation between the two sides of the Strait should be promoted, and labor service cooperation with Taiwan should be actively developed. We should continue to improve the investment climate, enhance the sense and the means of service, conscientiously enforce the "PRC law on protection of investment by Taiwan compatriots," adopt effective measures to prohibit wanton collection of donations and fees from Taiwan-funded enterprises, and protect the legal rights and interests of Taiwan firms and the personnel of Taiwan-funded enterprises. We should open up wide channels to bring in investment from Taiwan and fully develop the enthusiasm of the relatives of Taiwan compatriots and the role of various CPPCC committees, democratic parties, federation of industry and commerce, mass organizations, and nongovernmental organizations to bring in more investment from Taiwan.

Over 150 people attended the conference. They were comrades in charge of economic work of the relevant departments and bureaus of the provincial government, the various cities, the Shenyang Railway Bureau, and the Liaohe Oil Administration as well as persons in charge of various city planning commissions, foreign economic and trade commission, and Taiwan affairs offices.

Liaoning Cracks Drug Trafficking Case

SK2907064494 Shenyang LIAONING RIBAO in Chinese 19 Jul 94 p 1

[Text] On 12 July, people's policemen of the traffic order maintenance branch of the Shenyang City Public Security Bureau cracked an especially large drug trafficking case. A total of 1,140 tubes of dolantinum injection (each tube contains 100 milliliter) were seized on the spot.

A young man named Wang Zhijian was found to have bought the dolantinum at 20,000 yuan with plans to resell it to drug addicts at a profit. Upon examination, he was found to have been released from labor reform and labor reeducation.

Liaoning Police Use Computers To Solve Crimes

OW2807024294 Beijing XINHUA in English 0128 GMT 28 Jul 94

[Text] Beijing, July 28 (XINHUA)—Police in Shenyang, capital city of northeast China's Liaoning Province, have applied modern means of technology such as computers in solving criminal cases.

At present, 352 criminal cases have been directly solved by using computers in the city while 1,358 such cases have been indirectly solved by applying such technology.

The local police department set up a computer network of case information which connects 15 counties and regions in the city.

The network, local police said, stores information related to criminals and previous criminal records so that police can obtain information promptly by computer.

Customers using the network hailed the system as accurate and easy to operate.

At the end of the June, a robbery case involving over 70,000 yuan-worth medicine occurred in Xinmin city, Shenyang. By consulting computers, police referenced over 60 cases of theft related to medicines in Shenyang which had been committed by the same means. The compiled information led to the arrest of five suspects.

Beijing's ARATS Team Leaves for 5th Round of Talks

OW2907092794 Beijing XINHUA in English 0904
GMT 29 Jul 94

[Text] Beijing, July 29 (XINHUA)—A team from the mainland's Association for Relations Across the Taiwan Strait (ARATS) left here today for Taiwan to participate in the fifth round of talks with Taiwan's Straits Exchanges Foundation (SEF).

The seven-member group, led by Sun Yafu, deputy secretary-general of ARATS, went to meet its SEF counterparts according to the "agreement of the system of liaison and talks between ARATS and SEF", which was signed in April 1993.

During the talks the two sides will discuss the question of "the repatriation of persons who illegally enter the regions of the two sides" and related problems.

Official Criticizes Mainland Fishermen Rescue Effort

OW2707034894 Beijing XINHUA Domestic Service
in Chinese 1320 GMT 26 Jul 94

[Text] Beijing, 26 Jul (XINHUA)—A person in charge of the Agriculture Ministry Fishery Bureau today made a statement concerning mainland fishing workers' death in Taiwan.

He said: When Typhoon No. 6 hit Taiwan recently, 12 mainland fishing workers working for a labor cooperation project with Taiwan were killed because Taiwan failed to provide timely rescue. This disaster was caused by "nature," but was more by human. People who have worked on the sea know that typhoons usually bring misfortune and disaster to those working on the sea. So, providing rescue on the sea is a basic humanitarian act. When the "Shanghao-3" "floating hotel," on which the killed mainland fishing workers lived, was hit by violent winds and waves, concerned Taiwan authorities repeatedly refused to let it go into the haven; and when the boat developed technical problems amid the wild storm, they

again failed to provide effective assistance, resulting in those on board falling into the sea, killing 12 of them. Those who luckily survived were insulted and abused after they went ashore. Such unreasonable, inhumane, and uncompatriotic acts on Taiwan's part should be condemned by fishermen on both sides of the strait and by all people with a sense of justice.

The person in charge said: In sharp contrast to the Taiwan authorities' unhumanitarian act, since 1979, the mainland not only has set up Taiwan compatriots reception centers at various important fishing ports in coastal areas, opened key fishing ports as havens for Taiwan fishing boats, and designated special berth areas for Taiwan fishing boats, but also has provided berthing, maintenance, and trade services to Taiwan fishing boats. Over the last decade and more, a large number of Taiwan ships entered mainland ports each year for maintenance or to seek shelter from storms. Whenever Taiwan fishing boats were in distress or had technical problems at sea, servicemen and civilians in the mainland's coastal areas spared no efforts in assisting them. Each year we see touching deeds of mainland servicemen and civilians jointly helping Taiwan fishing boats. And, whenever Taiwan fishing boats violate the mainland's fishing laws and regulations, concerned mainland authorities always handle the situation according to reason and law; there have never been cases in which Taiwan fishing boats were detained or Taiwan fishermen beaten. Compared with this, Taiwan's refusal to provide assistance when mainland fishermen were on the verge of death is extremely inhuman.

The person in charge stressed: To safeguard mainland fishermen's legitimate rights and interests, we demand that Taiwan must properly handle the aftermath of the death of the mainland fishing workers, pay for all damages of the mainland workers, stop discriminatory practice against mainland fishing workers, guarantee to strictly abide by relevant treaties on rescuing people in distress on the sea, and guarantee that similar incidents will not occur. At the same time, we ask that the two sides of the strait discuss problems concerning hiring mainland fishing workers by Taiwan, and study and establish procedures for solving relevant problems.

SEF-ARATS Talks Not To Include Shooting Incident*OW2807140194 Taipei CNA in English 1329 GMT
28 Jul 94*

[By Benjamin Yeh]

[Text] Taipei, July 28 (CNA)—A ranking Republic of China [ROC] official said Thursday [28 July] that defensive maneuvers against Mainland Chinese fishing boats by ROC soldiers will not be discussed during the coming cross-Taiwan strait talks.

Huang Kun-huei, chairman of the Mainland Affairs Council, made the statement during a background briefing for the fifth round of cross-strait discussions slated for July 30-Aug. 2 in Taipei.

Taiwan will be represented by the Straits Exchange Foundation (SEF) during the four-day talks, while officials from the Association for Relations Across the Taiwan Strait (ARATS) will represent the mainland.

SEF and ARATS are semi-official intermediary organizations set up by their respective governments to handle civilian exchanges in the absence of official ties.

SEF Vice Chairman Chiao Jen-ho and his mainland counterpart, Tang Shubei, ARATS standing vice chairman, will meet here for four additional days of talks after the SEF-ARATS talks end. The agenda for the Chiao-Tang talks will depend on the outcome of the July 30-Aug. 2 meetings.

The SEF will give top priority during the talks to discussion of traveler safety. Local people make around 1 million visits to the mainland each year and safety can no longer be ignored, Huang said.

ARATS representatives, however, hope to discuss recent shootings by ROC military personnel on mainland fishing vessels. Beijing has repeatedly raised the issue with Taipei, saying the shootings have resulted in the deaths of mainland fishermen.

Huang defended the shootings. The boats were illegally sailing in Taiwan territorial waters and the shootings resulted in very few injuries, he said.

The ROC Government long ago made public announcements about forbidden waters and asked the Beijing government to warn its citizens of the danger of traveling in those waters.

He said that continued intrusion of mainland fishing boats posed a serious threat to Taiwan's security and is not a civilian issue.

Chances for Another Ku-Wang Meeting Said 'Slim'*OW2807141694 Taipei CNA in English 1343 GMT
28 Jul 94*

[By Bear Li]

[Text] Taipei, July 28 (CNA)—A second round of top-level cross-Taiwan Strait talks will be necessary only if a pressing issue presents itself, Chairman Huang Kun-huei of the Mainland Affairs Council said Thursday [28 July].

Ku Chen-fu and Wang Daohan, chairmen of the two cross-strait intermediary bodies—the Straits Exchange Foundation (SEF) of Taiwan and the mainland's Association for Relations Across the Taiwan Strait (ARATS)—met in Singapore in April last year for the highest-level negotiations between the two sides in more than 40 years.

Lower-ranking delegates from SEF and ARATS are scheduled to meet here for a fifth round of cross-strait talks on such technical issues as repatriation of illegal immigrants and hijackers and handling of cross-strait fishing disputes from July 30 through Aug. 2.

The talks are to be followed by a higher-level meeting between Chiao Jen-ho and Tang Shubei, the deputy heads of SEF and ARATS respectively. The two first met in Beijing in January.

"We should not hold (Ku-Wang) talks just because we want to talk," Huang said in response to questions of whether the coming Chiao-Tang meeting would pave the way for a second round of Ku-Wang talks.

Huang's remarks gave the impression that hopes for another round of Ku-Wang talks are slim, observers said.

Huang added that Beijing took advantage of the first round of Ku-Wang talks to promote its "one nation, two systems" concept and create the false image of reconciliation between Taiwan and the mainland.

"A second round would only give Beijing further opportunity to peddle its propaganda overseas," he said.

Meanwhile Lin Kui-mei, director of SEF's Legal Service Department, said that the SEF hoped to discuss compensation for the relatives of the 24 Taiwanese victims in the March 31 Qindao Lake killings during the coming talks.

Assembly Passes Constitutional Reform Package*OW2907103994 Taipei CNA in English 0756 GMT
29 Jul 94*

[By Sofia Wu]

[Text] Taipei, July 29 (CNA)—The ruling Kuomintang [KMT]-dominated National Assembly (NA) approved a sweeping constitutional reform package following heated debate and occasional violent confrontations in a marathon session that began Thursday and ended early Friday [29 July].

Most of the KMT-proposed amendments were passed, including an amendment which calls for direct popular elections of the Republic of China [ROC] president and vice president. However, a proposal to extend the tenure of Legislative Yuan members to four years from the current three years was voted down.

Political observers said although the three-month extraordinary NA session was tainted by frequent filibuster and violent clashes, the passage of the reform package marked a significant step forward in Taiwan's political development.

According to the package, Taiwan residents will be able to directly elect the ROC president and vice president every four years beginning in 1996 when the current presidential term expires.

Previously, the president and vice president were elected by the National Assembly to a six-year term.

Another amendment grants ROC passport holders who are overseas but hold permanent residence in Taiwan the right to return to Taiwan to vote in the presidential election. The amendment requires the government to legislate regulations for such voting.

The final version of the amendment differed slightly from the KMT-proposed version which only suggested that Overseas Chinese be given the right to vote in the presidential election. The revised article was passed only after heated debate and difficult bargaining among different factions within the ruling party.

Other highlights of the package include establishment of a full-time speaker and deputy speaker for the NA and limits to the premier's rights to endorse appointment by the president of high-ranking officials.

The assembly also passed a proposal to extend the tenure of current NA deputies to May 19, 1996 to coincide with the inauguration of a new president. The tenure was originally to expire Feb. 1, 1996.

To show their dissatisfaction with the Legislative Yuan, NA deputies not only voted down a proposal to extend the term of legislators to four years but also vetoed a suggestion to extend the tenure of current lawmakers to May 31, 1996.

Political observers said the discrepancy between the tenures of the president and legislators will hinder future political proceedings because the president is required to seek the legislature's approval in appointing a new premier.

The installment of a full-time speaker and deputy speaker in the NA also apparently runs counter to mounting public calls for disbanding the assembly, the observers noted. The time has come to consider restructuring the country's parliament now that the president will be directly elected by the public, the observers said.

The proposal to create speaker and deputy speaker positions triggered violent confrontations between KMT and Democratic Progressive Party (DPP) deputies Thursday. The DPP deputies stormed out of the chamber at 9:45 P.M. Thursday to protest the KMT's insistence on pushing through the proposal.

However, the KMT controls a large majority in the assembly and does not need the DPP to ratify the constitution amendment package. The DPP's departure, which was seen as a tactical move to damage the KMT's credibility, only helped speed up passage of all the KMT-initiated amendments.

The NA adjourned Friday and will reconvene Aug. 15 to screen a list of grand justice candidates nominated by President Li Teng-hui. The extraordinary NA session, which began May 2, will close after approving the new grand justices lineup.

Following the passage of the latest reform package, government sources said, the ruling party is not expected to propose other major constitutional amendments in the near future.

GATT Membership Protocol Expected in Sep

OW2907111494 Taipei CNA in English 0735 GMT
29 Jul 94

[Text] Taipei, July 29 (CNA)—A protocol for Taiwan's accession to the General Agreement on Tariffs and Trade (GATT) is expected to be drafted in September if bilateral consultations with GATT members go smoothly, a Board of Foreign Trade (BOFT) official said Friday [29 July].

The protocol, an agreement on Taiwan's terms of entry to the world trade body, will be drafted over the next two months by all GATT contracting parties under the leadership of the GATT working party on Taiwan's membership headed by Martin Morland, said BOFT official Tsai Lien-sheng.

Tsai quoted Morland as saying on Thursday that Taiwan should intensify bilateral consultations with GATT contracting parties to smooth its membership bid. He was speaking at the end of a two-day sixth working party meeting in Geneva.

During the meeting, Taiwan promised to open its market wider and remove area import restrictions upon GATT entry, Tsai said.

Although most GATT members were satisfied with Taiwan's promises, some issues, especially those related to the service sector, remained unsettled and need to be negotiated further, Tsai said.

Taiwan will soon deliver copies of a special exchange rate agreement to all GATT contracting parties. Results of bilateral consultations on anti-dumping duties and countervailing duties will also be presented to the GATT Taiwan working party as soon as possible, he added.

If everything goes smoothly, Tsai said, a major step forward in Taiwan's membership bid is expected in October, when the GATT Taiwan working party calls its seventh meeting.

Taiwan, a GATT observer, hopes to obtain full membership by the end of this year, before GATT is superseded by the World Trade Organization.

Economics Minister To Visit Central, South America

*OW2907103894 Taipei CNA in English 0744 GMT
29 Jul 94*

[By Lilian Wu]

[Text] Taipei, July 29 (CNA)—Economic Affairs Minister P.K. Chiang will lead a trade delegation to Central and South America in early August, government sources said Friday [29 July].

Chiang will leave Taiwan Aug. 8 to attend an annual conference on economic cooperation in Asuncion, Paraguay Aug. 11-14. He will then travel to Argentina, Chile and Brazil.

Chiang will meet with economics officials during his visit and attend trade seminars in Buenos Aires, Santiago and Sao Paulo. His delegation will include representatives from local textile, food, home appliance and sundry industries.

Sources said that Chiang will try to cement ties with Paraguay, the only nation among the four which maintains diplomatic ties with the Republic of China, during his visit there.

Chiang is also expected to discuss the possibility of signing investment agreements and reciprocal tax exemption accords with Argentina, Brazil and Chile. Brazil was Taiwan's top trading partner in the region in 1993, with two-way trade totaling US\$1.0274 billion. Brazil enjoyed a trade surplus of US\$486.98 million due to large Taiwan imports of industrial and agricultural raw materials.

Chile was second with two-way trade at US\$593.1 million. Argentina ranked fifth at US\$243.4 million.

Chiang is scheduled to return to Taiwan Aug. 24.

Lien Chan Proposes Taipei Fair for 2000

*OW2907111394 Taipei CNA in English 0729 GMT
29 Jul 94*

[By Danielle Yang]

[Text] Taipei, July 29 (CNA)—Premier Thursday [28 July] called on the government to begin planning a "Taipei Fair" for the year 2000 to showcase Taiwan's economic and trade strength and high technology achievements.

Speaking during a regular cabinet meeting, Lien ordered the Council for Economic Planning and Development (CEPD) and Taipei City Government to establish a task force to begin preparations for the fair.

The proposed "Taipei Fair" will be held at the Nankang Software Industrial Park in suburban Taipei.

Lien said the fair will gather the nation's strength to demonstrate Taiwan's achievements and promote its international status. The fair will also help speed Taiwan's development into a regional operations hub, he said.

The fair will feature displays of products from the information and electronics industries, including computers monitors, motherboards and mice, he added.

The Ministry of Economic Affairs is expected to invite the 16 multinational enterprises which have signed strategic alliances with Taiwan to the fair.

The fair is expected to be held over a 3-6 month period and will attract an estimated 3-7 million domestic and foreign visitors, CEPD Chairman Hsiao Wan-chang said.

1st Half Trade Deficit With Europe Hits New High

*OW2807131994 Taipei CNA in English 1240 GMT
28 Jul 94*

[Text] Taipei, July 28 (CNA)—Taiwan's trade deficit with Europe hit a record-high US\$1.3 billion in the first half of 1994, the Board of Foreign Trade (BOFT) said Thursday [28 July].

BOFT statistics show that bilateral Taiwan-Europe trade amounted to US\$13.88 billion in the first six months, with Taiwan suffering a deficit of US\$1.321 billion. The deficit far surpassed the [figure indistinct] million recorded in the same period of last year.

According to BOFT tallies, Taiwan exported US\$6.279 billion worth of goods to Europe in the past six months, while imports hit US\$7.6 billion.

BOFT officials said European purchases of Taiwan information and plastic products, electric engineering parts and components, bicycles, and sporting goods have been declining over the past two years. They warned that the downward trend may continue as ongoing construction projects in Taiwan continue to push up demand for European products and technology.

The officials also blamed the drop in Taiwan exports on the single-market policy adopted by the European Union and increasing investments by Taiwan manufacturers in Mainland China and Southeast Asia.

Hong Kong

PRC Official Criticizes Government Pension Plan

HK2907050494 Hong Kong SOUTH CHINA
MORNING POST in English 29 Jul 94 pp 1, 2

[By Chris Yeung]

[Text] China has given its strongest sign of opposing the Government's compulsory pension scheme, saying it is divisive and will deplete the coffers of the post-1997 government. The criticism by officials from the Hong Kong and Macao Affairs Office was in keeping with a reference paper compiled by the local branch of XINHUA (New China News Agency) on the pension scheme.

The XINHUA document has been distributed to members of the Preliminary Working Committee and Hong Kong Affairs Advisers before a discussion on the scheme on Wednesday [3 August]. Next week's meeting is seen as part of a stepped-up move by Beijing to denounce the pension scheme, which was released this month for consultation until the end of October.

Acting Secretary for Education and Manpower Lam Woon-kwong said after lobbying support for the scheme at a Southern District Board meeting that there had been no formal response from China. He said the financial implications for the post-1997 government had been taken into account. Mr Lam argued that similar pension schemes had been introduced in areas in China, as well as other parts of Asia.

A senior mainland official said yesterday the scheme was not feasible, but that he would listen to public opinion. "How does it differ from an increase in salary tax of 1.5 percentage points?" he asked. Citing criticism that the government projections was over-optimistic, the official claimed it was possible the contribution rate might go up to as much as eight per cent.

He also cast doubt on the wisdom of introducing major changes to the system within three years of the change-over. "Is the scheme so urgently needed? Could it be left to the Special Administrative Region (SAR)?" he asked.

The official, who did not wish to be named, said China maintained that the issues of retirement protection and welfare had to be dealt with separately. "The total working population is about 1.8 million. If we can solve the problem of their retirement protection, the problem of caring for the elderly people will largely be solved. There will be no extra burden on the Government," he said.

The present scheme, he said, was unfair. "As Hong Kong is a capitalist society, it is fair that people get back what they have contributed. For those whose income is too low, the Government should increase their welfare.

"The Government scheme might be able to solve problems in the short run. But it might bring about a heavy

burden in the long run," he said. The official admitted low-income groups would support the scheme, but said the Government should take a decision in view of the overall and long-term interests of the territory.

According to the XINHUA paper, the majority of opinions from individuals and groups were against the plan, in spite of support from "a small number of newspapers and social organisations". It summed up the dissenting views against the scheme as "a new tax in another name", "helping the poor by robbing the poor", a "time bomb" left for the SAR and a "virus of British welfarism" transplanted into the territory.

XINHUA's paper says: "Our view is that the criticism is reasonable." It said the scheme, decided after a two-year debate, was made against the background of the collapse of Sino-British political talks as well as the imminent end of British rule.

The fact that the British Hong Kong Government had hastily introduced a scheme that would only be implemented in 1997, showed it had "ulterior motives". "(The scheme is an attempt to) drastically increase welfare to win the hearts of the people, split society and create a financial burden for the future SAR government before it pulls out."

Editorial Views Reaction To PLA Role in Territory

HK2907070894 Hong Kong EASTERN EXPRESS
in English 29 Jul 94 p 18

[Editorial: "PLA Still Shoots Itself in the Foot"]

[Text] It has not been a good month for the People's Liberation Army. Or to be more precise, the last few weeks have done nothing to improve Hong Kong people's perception of an organisation they already regard, quite understandably, with a great deal of suspicion.

Anyone who was in the territory during the summer of 1989 can testify to the outpouring of grief and anger before, during and after the Tiananmen Square massacre.

Five years on, some things have changed.

These days, the PLA has more of a reputation for making money than committing massacres, for being managers rather than monsters. But memories linger and reputations do not change overnight. Two reports, one farcical, the other frightening, underline the fact that the PLA is a public relations disaster.

In the early hours of yesterday morning, Yuen Long residents spotted what appeared to be two PLA soldiers. Not surprisingly, they called the police.

The gentlemen concerned turned out to be extras from a nearby film set. Every Hong Kong person's nightmare turned into a big joke. Very funny. Everyone probably had a good laugh about it afterwards.

But look at the reaction of the people who first saw the "soldiers". They were terrified.

Look at the reaction of the police who were on the scene very quickly and prepared for the worst. They quite rightly took the report extremely seriously. The second report is more disturbing.

At the time of the 1989 prodemocracy movement in China, the authorities in Hong Kong picked up intelligence that a PLA hit squad was thought to have been dispatched to the territory to assassinate leading Hong Kong activists, including the legislators Martin Lee, Szeto Wah and Lau Chin-shek.

Also mentioned, were people thought to be involved in Operation Yellowbird, the underground railroad that smuggled scores of fleeing dissidents out of China through Hong Kong.

Not surprisingly, the authorities took the threats extremely seriously. They were desperately uncertain times. The "targets" were given protection and nothing happened.

Now, with the benefit of hindsight, some senior police officers question the reliability of the intelligence. After all, hit squads are not China's style.

It can also be strongly argued that the cadres in Beijing had so much on their plates at the time, that worrying about demonstrations in Hong Kong was probably way down their list of priorities.

There is a strong possibility that the information was misleading or incorrect. But no one laughed it off. Just like those villagers in the New Territories yesterday, people were scared.

These two stories come a week after it was revealed that a vast new military base under construction in Shenzhen will serve as command headquarters for the entire East and South China Sea region.

Of course, no one bothered to let anyone in Hong Kong know. Hong Kong officials only found out through British intelligence reports. The public found out through reading Eastern Express.

As the legislator Albert Chan said: "In more than 100 years of British rule in Hong Kong, China never made a point of building up its military force near Hong Kong. Why should they do it in the runup to the transfer of power?"

Even a Preliminary Working Committee member, Lau Siu-kai, said the cloak of secrecy surrounding China's military preparations for Hong Kong was creating "a sense of suspense" in the territory.

No one disputes that China has the right to build military bases within its own borders. But despite all the noise coming out of Beijing about how much China cares

about the people of Hong Kong it never crossed a single cadre's mind to sugar coat the pill with a little bit of advance notice.

Public relations can hardly be described as one of China's long suits. The only attempt the PLA has made to reassure the people of Hong Kong about their presence in the territory after 1997 was a military display in Guangzhou staged recently in front of Hong Kong advisers.

It did not prove much. As was said at the time: "The people of Hong Kong do not really care about the PLA's military might.

"We are more concerned that the PLA will abide by Hong Kong laws."

Quite. The PLA's growing reputation as men of commerce who like things done their way will precede 1997 by several miles.

The PLA starts most business deals in a strong negotiating position. There is one way the PLA can send a positive message to Hong Kong. They should listen to the outgoing Commander British Forces, Major-General Sir John Foley.

Foley said it would make sense for Chinese officers to visit the various military sites before the handover. He likened the process to moving house. It is, after all, common practice for the next occupants to be shown around by the existing tenants.

Can we suggest that this is done in a very high profile manner.

The press and public should be invited along. Pictures should be taken. Questions should be asked and answered.

But, of course, we doubt if anyone at the PLA will think of that.

It is too simple.

Editorial Attacks Britain's 'Confrontation' Policy

HK2807141894 Hong Kong WEN WEI PO in Chinese 27 Jul 94 p A2

[Editorial: "Chris Patten Announces Policy of Confrontation in London"]

[Text] After returning to London, Chris Patten met Douglas Hurd and Alastair Goodlad. They reviewed the situation after the Legislative Council's [Legco] adoption of the 1994-95 election bill, and they also discussed strategy toward China and Hong Kong. Chris Patten stressed that it is definitely necessary to obtain the Chinese side's cooperation on matters which the British side is interested in, that the Sino-British Joint Liaison Group [JLG] must make "rapid progress," and, no matter how the Chinese side responds, if no agreement is

reached on transitional issues in Hong Kong, the British Hong Kong Government will try to unilaterally "settle problems by itself."

The message conveyed by Chris Patten shows that the British side has already formulated a strategy, by which they will uphold their "three violations" principle, challenge Sino-British cooperation, take unilateral action, and force the Chinese side to accept a *fait accompli*. Chris Patten is trying to create a false impression that the deeds of the three violations are nothing serious; so long as the thing is done, the Chinese side cannot but accept its bitter consequences, and he will still be able to achieve some gains for British interests. So long as "political affairs are separated from economic affairs," "economic cooperation" will still be possible despite political confrontation, and the British side can still discuss settling the airport project financing scheme and solving the Container Terminal No. 9 issue with the Chinese side, thus achieving the gains which British interests are seeking.

The Chinese side on their part advocate Sino-British cooperation. However, this cooperation should be comprehensive cooperation. What does comprehensive cooperation mean? This should include cooperation in the political and economic fields. If political cooperation fails, it will naturally affect cooperation in other fields. For any major issue straddling over 1997, the British Hong Kong Government must not unilaterally announce any program it has formulated on its own, and then have it passed at Legco while negotiations are still under way. Instead, it must follow the provisions of Annex 2 of the Sino-British Joint Declaration by referring affairs related to the transfer of government and Hong Kong's transition to the Sino-British JLG for discussion; and if the Sino-British JLG fails to reach a consensus on these matters, they should be resolved through consultations between the Chinese and British governments. Should the British side refuse to follow this principle and comprehensively cooperate with the Chinese side, but instead takes unilateral action, then this would be no big deal either. If this is the case, then any decision made, any deeds and contracts signed, and any debts owed by the British Hong Kong Government in accordance with the Letters Patent and the Royal Instructions, which have effect straddling 1997 and may require the Hong Kong Special Administrative Region [SAR] government to bear responsibility, will be void upon the end of the British Hong Kong Government's rule on 30 June 1997, and neither the Chinese side nor the SAR government would bear the responsibilities and undertake obligations derived therefrom. And, as of 1 July 1997, the SAR government will operate in accordance with the Basic Law.

Sino-British cooperation should not be conducted in whatever way the British side likes to suit its own interests. The Joint Declaration and the other agreements already signed between China and Britain form the basis for Sino-British cooperation. The British side

should act according to these agreements. Now, the British side has forsaken these Sino-British agreements. Their deeds show that they do not want to cooperate but are undermining the basis for Sino-British cooperation and erecting obstacles to cooperation.

The smooth transfer of government and a steady transition in Hong Kong is an important part of Sino-British relations. If Britain refuses to cooperate with China in this area but expects the Chinese side to give consideration to the British side's economic interests, and asks the Chinese side to approve projects straddling 1995 which promise British companies enormous profits, then this would be totally unfair to the Chinese side. The British side neither honors its commitments nor does it sincerely implement agreements, but erects all sorts of obstacles and makes trouble which hinders the solution of Hong Kong issues. Nevertheless, they want China to stoop to compromise, submit to all their arrangements, and surrender economic interests to them. Is this not a wild fantasy?

Hong Kong's economy and the local people's livelihood have a bearing on Hong Kong compatriots' long-term interests. As far as this is concerned, the Chinese side will certainly use great caution to seek solutions. The reason why the new airport financing plan and Container Terminal No. 9 have remained unsettled for a long time is because the British only focus their attention on their own interests, not on Hong Kong's long-term interests, and they are trying to leave hidden dangers for the SAR. Thus, if any side is to be blamed for "being uncooperative," then the blame should be laid on the British side, which lacks sincerity in cooperation. What Chris Patten is doing in hypocritically declaring that "the British side is looking forward to cooperation" is nothing but a cheap propaganda campaign, and a trick to kill two birds with one stone. One of his purposes is to shirk the British side's responsibility for pursuing a policy of confrontation with China and for refusing to cooperate since the summer of 1992, when they changed their China policy. In doing so, Chris Patten wishes to offset pressure from British business circles. His other purpose is to cheat Hong Kong people, to cover up his intention to persistently seek greater interests within the JLG and the fact that the British side's deeds do not match their words, to shift responsibility for the lack of progress in the negotiations onto the Chinese side, and to pave the way for the British side to take unilateral action in the days to come.

The Sino-British JLG had been working well all the way before Chris Patten came to Hong Kong. However, since the British side changed their policy toward China in the summer of 1992, there have been many disputes between the two sides. Although the JLG concluded an agreement on the Court of Final Appeal, up to now, Chris Patten has refused to implement it. The constitutional system package should have been submitted to the JLG for discussion, but Chris Patten refused to do so and unilaterally created a *fait accompli* which has resulted in

estrangement between China and Britain. Regarding the new airport project, he does not observe the provisions laid down in the Memorandum of Understanding, thus leaving huge debts, while the financing problem remains unsettled. The strategic sewage project and the old age pension scheme were not submitted to the JLG for discussion before they were unilaterally announced by the British Hong Kong Government. All these deeds show that it is Chris Patten who has always interfered with and undermined the work of the JLG. Now, he hypocritically "urges the JLG to quicken its working pace." The more he wants to hide, the more he will be exposed.

Authorities Seize Marijuana From Chinese Fishing Boat

HK2907063694 Hong Kong EASTERN EXPRESS in English 29 Jul 94 p 4

[By Moira Holden]

[Text] Customs officers have netted their biggest ever haul of marijuana. Armed guards yesterday kept watch over a tonne of the drug, worth around HK\$60 million [Hong Kong dollars], which had originally been destined for the streets of Hong Kong.

The record seizure is the first to be made from a Chinese fishing boat and was discovered after a three-day surveillance operation. Drugs officers received a tip-off several months ago that a shipment of marijuana was due to be smuggled into the territory from Thailand.

The 72-hour observation ended on Wednesday [27 July] when customs officers ambushed the crew of a Chinese fishing boat as they off-loaded the marijuana. Nine of the men on board were arrested, along with four men from Hong Kong waiting on shore to collect the drugs. A Chinese man believed to be a member of the syndicate was also arrested at the Lo Wu checkpoint as he entered Hong Kong.

On Sunday, the Chinese vessel tried to sneak into the harbour just before 3pm under cover of a torrential downpour on the eastern side. It was seen by officers from the Marine and Land Enforcement Command, who kept a steady eye on its movements for the next three days. Their observation paid off at 11.30am on Wednesday when they saw the boat, the Yu Fa, pull alongside the cargo working area at Gin Drinker's Bay, near Tsuen Wan.

As the crew began to off-load their illegal cargo, officers from the Drug Investigation Bureau boarded and seized the boat and arrested the crewmen. The raid netted 50 packages of marijuana and the vessel was painstakingly searched. Two false compartments on both sides of the cold storage area on board were discovered—officers believe this is where the 50 packages had been stowed during the journey but no more drugs were found.

Vincent Poon, the head of Customs Marine and Land Enforcement Command, yesterday stood in front of the Chinese vessel at the Central Government Pier and said: "This is a very good quality herbal cannabis.

"There is no indication it would have been exported anywhere else after Hong Kong, so we can assume it was intended for the open market here.

"This is the first time we have found herbal cannabis in a Chinese fishing vessel—our previous finds were made on air passengers."

This latest haul is nearly five times bigger than the total number of seizures over the past three years. Officers seized 115 kilograms of marijuana last year, while 1992 saw a seizure of 49kg.

"I think there is more of a trend among youngsters to use herbal cannabis," Poon said. "Possibly they picked up the habit when they studied abroad. We're not sure whether the fishing boat set off from China first and went to Thailand, but we're still investigating."

The arrested men, aged between 19 and 46, put up no resistance when officers boarded the boat. Three domestic and one commercial premises have been—raided since the operation.

Rising Imports Double Trade Deficit

HK2907072994 Hong Kong HONGKONG STANDARD (FINANCIAL REVIEW) in English 29 Jul 94 p 1

[By Chito Lozada]

[Text] Exports are up but the continued surge in imports has doubled Hong Kong's trade deficit to HK\$45.8 billion [Hong Kong dollars] in the first half, from the HK\$27.8 billion deficit in the same period last year. According to the latest figures from the Census and Statistics Department (CSD), re-exports grew 14 per cent, while domestic exports fell 4.3 percent in the first half. Imports rose 13 percent during the period.

The Hang Seng Economic Monthly, assessing the performance of the territory's economy in the first half, said recovery in the economies of developed countries was expected to boost export receipts during the rest of the year. Export figures have shown a better performance in the past month, with re-exports growing 20 percent from HK\$67 billion last June to HK\$80.3 billion this June.

Domestic exports increased HK\$1.2 billion, or 6.4 percent to HK\$19.7 billion in June. For re-exports and exports combined, receipts climbed HK\$14.4 billion or 17 percent to HK\$100 billion in June. The value of imports grew by HK\$21.5 billion or 24 percent to HK\$110.8 billion.

With the higher import payments, another HK\$10.8 billion was added to the territory's trade deficit in June.

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The territory incurred a far lower trade deficit of HK\$3.7 billion in the same month last year.

Economists blamed the first half's export slowdown on China's austerity measures and a change in consumption habits in the United States due to rising interest rates. "(US) consumer spending in the first half of the year was concentrated mainly on durable goods like motor vehicles and furniture, items which are usually purchased on credit and thus sensitive to interest rate changes," the Hang Seng Economic Monthly said.

Hong Kong's exports are mainly non-durables such as clothing and shoes and these grew only 9 percent, compared with 13 percent in the previous half, the report said. Retained imports grew 31 percent in June, showing domestic demand "should remain robust", a government statement said. In the first half, retained imports were 12 percent higher compared with last year.

June Export Trade Shows Increase

HK2907072494 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English
29 Jul 94 p 1

[By Amy Chew]

[Text] Hong Kong's June export trade grew a massive 16.9 per cent to HK\$99.98 billion [Hong Kong dollars] on the year, according to official figures. Economists were quick to point out that the marked improvement was due to the low base of comparison because last year's June export trade was exceptionally poor due to China's exchange rate woes.

The territory's export trade on a whole is expected to maintain its current momentum, keeping pace with moderating demand from China which continues to keep a tight grip on fiscal policies. July exports are expected to return to a range of between five and nine per cent growth, which is closer to the levels seen earlier this year.

Domestic exports rose 6.4 per cent to HK\$19.68 billion on the year. On a month-to-June basis, domestic exports also achieved positive growth to increase 11.2 per cent. The territory also consumed more imports for the month to record a visible trade deficit of HK\$10.8 billion, up from the previous month's trade deficit of HK\$3.7 billion.

W I Carr economist Richard Staite said the trade deficit was much higher than previously recorded, reflecting strong private consumption and huge infrastructural projects. On an aggregate basis, Hong Kong's total exports grew 10 per cent to HK\$527 billion for the first half of this year. By comparison, total exports grew 15.1 per cent in the first half of 1993.

June re-export figures were also distorted by last year's poor base for comparison rising 19.8 per cent on the year. Figures for the first six months of this year showed that re-exports recorded growth of 14 per cent to HK\$428.28 billion. The pace of re-exports growth is unlikely to change as long as China's credit squeeze continues. Domestic exports during the same six-month period fell 4.3 per cent to HK\$98.74 billion as southern China continued to be preferred for manufacturing plants.

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